

Scrutiny & Audit Panel

21 July 2022



Membership:

Councillors: Lambert (Chair), Azad, Powell, Redstone, Scott and Theobald
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You are requested to attend this meeting to be held in the Council Chamber, County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am

Quorum: 3

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

1. 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

2. Apologies for Absence

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

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

4. Minutes of the last Scrutiny & Audit Panel meeting held on 12 May 2022

5 - 12

5. Callover

The Chair will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chair 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

6.	Measures to Improve Local Audit	13 - 44
	Report of the Assistant Director Resources/Treasurer	
7.	External Audit Planning Report and Scale Fee 2021/22	45 - 94
	Report of the Assistant Director Resources/Treasurer	
8.	Internal Audit Annual Report & Opinion - 1 April 2021 - 31 March 2022	95 - 112
	Report of the Assistant Director Resources/Treasurer	
9.	Corporate Risk Register Review 1st Quarter 2022/23	113 - 130
	Report of the Assistant Director Resources/Treasurer	
10.	Service Benchmarking Report 2020/21	131 - 170
	Report of the Assistant Director Planning & Improvement	
11.	Performance and Corporate Strategy Monitoring Report for Quarter 4 2021/22	171 - 188
	Report of the Assistant Director Planning & Improvement	
12.	Annual Report of the ESFRS Local Firefighters Pension Board 2021/22	189 - 194
	Report of the Assistant Director People Services	
13.	Member Attendance Annual Report 2021/22	195 - 200
	Report of the Senior Democratic Services Officer	

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

Date of Publication: 13 July 2022

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SCRUTINY & AUDIT PANEL

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am on Thursday, 12 May 2022.

Present: Councillors Maples (Chair), Azad, Lambert, Redstone and Theobald

Also present: D Whittaker (Chief Fire Officer), D Norris (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), L Woodley (Legal Advisor), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), H Scott-Youlton (Assistant Director Operational Support & Resilience), Helen Thompson (EY, External Auditor), P Fielding (Orbis, Internal Auditor), K Pearce (ITG Manager), C Sharp (Project Manager) and E Simpkin (Democratic Services Officer)

44 Declarations of Interest

There were none.

45 Apologies for Absence

Apologies were received from Councillor Scott.

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

There were none.

47 Minutes of the last Scrutiny & Audit Panel meeting held on 20 January 2022

RESOLVED: That the minutes of the meeting of the Scrutiny & Audit Panel held on 20 January 2022 be approved as a correct record and signed by the Chair.

48 Callover

Members reserved the following items for debate:

- 49. External Audit Planning Report and Scale Fee 2021/22
- 50. Internal Audit Strategy and Plan 2022/23
- 51. Internal Audit Review of Surveillance Cameras
- 52. Risk Register Review 4th Quarter 2021/22
- 53. Performance and Corporate Strategy Monitoring Quarter 3 2021/22
- 54. Building Risk Review Project Closedown

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

- 55. Project 21 Closure Report
- 56. Assessment of the Corporate Framework and Annual Governance Statement for 2021/22

49 External Audit Planning Report and Scale Fee 2021/22

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) which presented the external auditor's planning report for the audit of the 2021/22 financial accounts and the external audit scale fee for 2022/23. The Panel welcomed Helen Thompson from Ernst & Young LLP (EY) to the meeting.

The ADR/T explained that the base scale fee for 2021/22 was £23,690, the same as the previous year however, changes in audit requirements had resulted in additional work being undertaken by EY which meant that the actual scale fee was likely to be higher. EY was yet to submit a scale fee variation to Public Sector Audit Appointments (PSAA). For the 2019/20 audit EY submitted a proposed variation in the region of £32k with the additional agreed fee being approximately £8k. The 2020/21 audit scale fee variation would be reported to the next Scrutiny & Audit Panel meeting. Helen Thompson added that PSAA had increased hourly rates by 25% and therefore she expected the fee variation to be in line with this. The ADR/T added that the risks set out in the planning report were generic and did not highlight any risks specific to this Authority. The full audit plan would be presented to the Panel at its next meeting.

Members asked whether the audit and account deadlines were achievable. The ADR/T responded that the timeline remained a challenge, however, the Authority was in a good position compared to some other authorities who were still awaiting sign-off of their 2019/20 accounts. Draft accounts were expected in early June but there was a reliance on external factors such as the final Collection Fund figures from the Districts and Boroughs and the pension valuations from the actuary. The ADR/T added that the Finance Improvement Plan was being implemented and that the team would be in a much better position to deliver against these challenges once new members of staff had bedded in.

RESOLVED: That the Panel:

- (i) approved the external audit planning report for 2021/22;
- (ii) noted the change in the audit timetable; and
- (iii) noted that the final audit fee for the 2020/21 accounts was yet to be agreed.

50 Internal Audit Strategy and Plan 2022/23

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

The Panel considered a report from the ADR/T which provided the Internal Audit Plan for the Fire Authority covering the period 1 April 2022 to 31 March 2023. The Strategy and Plan had been produced on a risk basis, following consultation with senior officers, the Authority's external auditor and the Panel Chair. The Strategy sought to achieve a balance between ensuring that existing controls were maintained and providing assurance on key projects within the Authority's transformation programme.

The report referenced that the Service would be progressing both Cyber Essentials and Cyber Essentials Plus certification and the Panel asked for further details on this. The ITG Manager responded that robust cyber security measures were in place which included proactive monthly monitoring and an annual IT health check which would be carried out in July. Although no organisation was totally immune from a ransomware attack there were measures and business continuity plans in place, for example mobilising systems were on their own networks and back-ups were made to distinct primary and disaster data centres. Officers were in discussion with contractors Aristi over the possibility of conducting pseudo ransomware testing. The cost of cyber security was included in the telent contract. Members commented on the need to be aware of the potentially increased threat to cyber security given the conflict in Ukraine. The CFO added that she was made aware of emerging risks through Critical National Infrastructure briefings. The ACFO also reassured the Panel that cyber security was addressed as part of the local assessment of risk undertaken by the Local Resilience Forum.

The Panel queried how the figure of 70 days for the programme to be delivered had been settled upon. The ADR/T explained that the Panel needed to be satisfied that the plan provided enough coverage to meet audit requirements and Internal Audit needed to be comfortable that there was enough time for them to be able to give an overall opinion on the Authority's systems of governance, risk management and internal control. Senior Leadership Team had considered the plan and where the audit could be put to good effect and provide added value. 70 days had been the baseline for a number of years with additional days being added when needed. The ADR/T confirmed that he believed it was a well-balanced and helpful plan which provided a risk-based approach across the Service.

RESOLVED: That the Panel approved the internal audit plan for 2022/23.

51 Internal Audit Review of Surveillance Cameras

The Panel received a report of the ADR/T which outlined the findings of the internal audit review of surveillance cameras and the actions to be taken as a result to improve governance and control.

The Panel queried whether officers had looked across the sector in terms of best practice. The ADR/T explained that closed-circuit television (CCTV) was currently used in a specific and limited way with cameras installed on some buildings and vehicles (which had been partly been in response to an attack

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

on crews). The Service was aware that some practices in relation to its use were not currently in line with best practice and therefore had commissioned an audit ahead of pursuing a business case to expand the use of CCTV across the whole of the Service's fleet. The installation of CCTV on fleet vehicles would lead to a reduction in insurance costs and help better manage claims against the Service. It would also help address driver behaviour as well as allowing the Service to assist police with footage when requested. An action plan had been developed to implement best practice which would be delivered with support commissioned from Aristi and telent.

The Chief Fire Officer (CFO) added that initially the Service was looking to align the CCTV project with Sussex Police, however, it became clear that requirements were different. The Service had now refined its specification and was working in collaboration with West Sussex Fire & Rescue Service to deliver cameras on fleet. The contract was now out for tender and the business case would be considered by the Strategic Change Board in May/June. Installation was expected to commence in October 2022.

RESOLVED: That the Panel noted the report and the agreed response to the findings of the internal audit review.

52 Risk Register Review 4th Quarter 2021/22

The Panel received a report from the ADR/T which detailed the final quarter position of the Corporate Risk Register for 2021-22. It also set out the corporate risks identified and how they had been or were being mitigated.

The Panel noted that Corporate Risk 14 Health & Safety Non-Compliance had been reduced due to the progress made in resolving outstanding actions and was now rated amber. Corporate Risk 16 Grenfell Tower Public Enquiry – Non-compliance had also been reduced due to the completion of the Building Risk Review (BRR) project and the securing of additional project management resource and was now amber. Corporate Risk 5 Failure to Mobilise effectively had been removed due to the reduction in its risk score following the successful completion of P21 and the subsequent operation of Joint Fire Control.

The Panel asked for further details on Corporate Risk 10 Security and Safety of Staff and Visitors on ESFRS Sites, specifically the changes being implemented at Service Training Centre. The ADRT explained that the Service needed to be mindful of neighbouring properties when carrying out live fire training at Service Training Centre and that improvements in engagement with neighbours and security at the site had been made. An Environment Agency licence was required for live fire training and in order to mitigate the risk of an unsuccessful licence renewal, a project was being undertaken looking at replacing live fire training facilities which would reduce emissions.

The Panel also queried whether there need to be an additional risk around the Firefighter Pension Scheme and the ongoing issues surrounding Immediate

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

Detriment. The ADR/T commented that SLT would be developing a risk on this which would form part of the risk register presented at the next Panel meeting.

RESOLVED: That the Panel agreed the Q4 Corporate Risk Register including changes made since Q3.

53 Performance and Corporate Strategy Monitoring Quarter 3 2021/22

The Panel considered a report from the Assistant Director Planning & Improvement (ADP&I) which presented the results and direction of travel of Service performance at quarter 3 2020/21 and the projected end of year results for 2021/22. The report also contained a snapshot of progress against the Corporate Strategies.

Noting recommendation 3 of the report, that the refresh of performance measures reported to the Panel was nearing completion and would be brought back to a future meeting, Members commented that some of the performance measures were difficult to interpret and may benefit from further context.

The Panel welcomed the decline in accidental dwelling fires and asked for further information on how Home Safety Visits (HSVs) were conducted over the telephone. The Assistant Chief Fire Officer (ACFO) explained that national guidance had been issued when the pandemic restrictions prevented services from conducting face-to-face visits. A number of key questions were asked to establish whether the resident required a home visit for further assessment or to fit smoke alarms for example. The questions also assessed the risk of Covid. The ACFO highlighted the target to deliver 10,000 HSVs in 2020/21 and added that it was important for resources to follow risk. He believed that HSVs figures were positive, given the impact of Covid. The Service was conducting HSVs for those homes who were hosting Ukraine refugees. Members commented that they had received very positive feedback from both host families and Ukrainian visitors who had interacted with the Service.

RESOLVED: That the Panel noted:

- i) the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix 1 to the report;
- ii) the performance results and remedial actions that have been taken to address areas of under performance in the Fire Authority's priority areas;
- iii) that the work to refresh the performance measures nearing completion and will be brought back to a future meeting; and
- iv) the progress against the Service's strategies as at Quarter 3.

54 Building Risk Review Project Closedown

The Panel received a report from the ACFO which outlined the achievements of the Building Risk Review project and provided assurance on the completion of the project's key objectives.

The Panel congratulated officers on a very positive report and the successful move to business as usual. Members acknowledged the continued challenges that the Service faced in this area and the need to continue to lobby Government for additional resources.

The CFO emphasised the large volume of high-rise residential buildings located within the East Sussex Fire and Rescue Service area and the significant impact on capacity that future work with the Building Safety Regulator (BSR) and the delivery of the proposed Safety Case regime and associated risk-based inspection program (RBIP) would have. It was important to remember that there were also other buildings which did not fall into the high-rise category which were also at risk due to factors such as the age of the population. Although the new regulatory body (the BSR) was yet to be fully formed, as the risks had been identified, the Service had a duty to act upon this information; it could not wait for the regulator. The decisions being made regarding resourcing were currently reliant on one-off grants and there was a need for long-term funding and resourcing to be secured.

With regards to funding, the ADR/T explained that the Service was still awaiting confirmation of its Protection Grant allocation for the current financial year and reminded Members that the Authority had committed £300,000 from its own reserves to support the appointment of six Protection Trainees. The Sector's dependence on one off grant funding to sustain investment in Protection services following the Grenfell Tower tragedy was an ongoing matter of concern which had been raised with local MPs. He added that the Service estimated that it would require on-going base funding in the region of £500,000 to provide the additional capacity necessary to fulfil its new statutory responsibilities and significant number of high and medium rise buildings across East Sussex and the City of Brighton & Hove.

RESOLVED: That the Scrutiny and Audit Panel:

- a) noted the completion of the Building Risk Review project; and
- b) acknowledged the achievement of the Building Risk Review team in delivering the project objectives, within target timelines and meeting the grant funding conditions

55 Project 21 Closure Report

The Panel received a report from the ACFO which provided an overview of the Closure Report for Project 21 and requested approval to formally close the

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

project. The closure report had previously been approved by the project Delivery and Strategic Boards and Senior Leadership Team.

The Panel congratulated and thanked the project team for the successful completion of the project. The CFO added her formal thanks to the project team including Project Manager Chris Sharp, ITG Manager Ken Pearce and Matt Lloyd as the Senior Responsible Officer.

RESOLVED: That the Scrutiny and Audit Panel:

- i) noted the reported position on scope, residual risks and issues handed over to Business as Usual;
- ii) noted the closing financial position, in particular the proposed retention of £184,000 contingency;
- iii) noted the revenue cost assessment, which shows that the forecast cost for 2022/23 is within the agreed revenue budget; and
- iv) approved the formal closure of P21.

56 Assessment of the Corporate Framework & Annual Governance Statement for 2021/22

The Panel received a report of the Deputy Chief Fire Officer, ACFO, Deputy Monitoring Officer and ADR/T which set out how the Fire Authority had assessed the effectiveness of its governance arrangements for 2021/22 and sought approval of the Annual Governance Statement in line with the Accounts and Audit Regulations 2015.

The Panel asked whether officers could consider the presentation of the report and statement in order to highlight the changes which had been made from previous years. Members also discussed public engagement and transparency of decisions and whether the possibility of webcasting Fire Authority meetings had been considered. The ADP&I explained that webcasting options had been explored previously and that there was a cost to providing the service. There was currently no budget provision for webcasting and consideration would need to be given to the cost benefits. The Fire Authority could not currently legally hold hybrid meetings as a change in primary legislation was required.

The Panel also queried whether there was any concern over the current complaints procedure. The ADP&I responded that there had recently been an internal audit of customer service which had included complaints. This had received a reasonable assurance and an action plan was being completed. The number of complaints and compliments would be reported to the Panel as part of the Annual Outcome Report.

RESOLVED: That the Panel:

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

- i) confirmed that they were satisfied with the level of assurance provided to them through the report and the Authority's governance framework and processes; and
- ii) approved the Annual Governance Statement for signing by the Scrutiny & Audit Panel Chair and the Chief Fire Officer.

The meeting concluded at 11.20 am

Signed

Chairman

Dated this

day of

2022

EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny & Audit Panel
Date	21 July 2022
Title of Report	Measures to Improve Local Audit
By	Assistant Director Resources / Treasurer
Lead Officer	Duncan Savage, Assistant Director Resources / Treasurer

Background Papers	Scrutiny & Audit Panel 12 November 2020 – Redmond Review Scrutiny & Audit Panel 29 April 2021 – Redmond Review Working Group Update Scrutiny & Audit Panel 20 January 2022 – Measures to improve local audit 220220 SA Measures to Improve Local Audit.pdf (moderngov.co.uk)
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Appendices	1. DLUHC – Policy Paper – Local authority financial reporting and external audit: Spring update 2. CIPFA – Position Statement: Audit Committees in Local Authorities and Police 2022
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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	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT	To provide and update to the Panel on DLUHC's commitment to improve local audit in response to the Redmond Review.
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EXECUTIVE SUMMARY	The Government commissioned an independent review into the effectiveness of local audit and the transparency of local
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financial reporting by Sir Tony Redmond which was published in September 2020.

In December 2021 DLUHC published a series of commitments setting out how it intended to address some of the key issues identified in the Redmond Review and this was covered in the report to this Panel in January 2022 (see link above).

In May 2022 DLUHC published an update which is included in full at Appendix 1. There is a degree of repetition in the update reflecting earlier decisions and commitments – the main updates of interest to the Panel are summarised below:

- *Systems Leadership* - In March 2021 the government published a [White Paper](#) setting out its plans to reform corporate audit, reporting and governance. The White Paper set out details of how the government proposes to establish a new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC. It also set out government plans to create a new audit profession that is distinct from the accountancy profession, and to encourage competition in the market for audit of large listed companies. The Government recognises that it will require primary legislation to give ARGA the necessary statutory responsibilities and powers to function appropriately.
- *Focus of local audit* - ARGA should undertake a post implementation review to assess whether recent changes to the Code of Audit Practice have led to more effective external audit consideration of financial resilience and value for money matters.
- *Procurement / appointing person arrangement* – DLUHC confirms that it remains their view that PSAA is the organisation best placed to act as the appointing body, including overseeing the next procurement and that a priority needs to be expanding the number of firms engaged in the market
- *Progress implementing other recommendations relating to auditor training and qualifications, the functioning of local audit, and governance, the transparency of local authorities' accounts and the audit of smaller bodies* - DLUHC is working with CIPFA to develop the new Standardised Statements of accounts, and consideration is also being given to making further amendments to the Accounts and Audit Regulations – subject to consultation – to require the development and auditing of the new Standardised Statement. New burdens for local bodies resulting from these new requirements will be met from part of the additional £15m provided to local bodies for 2021/22.
- *Independent Members* – The Government intends to legislate to require all local authorities to establish an audit

committee, separated from its scrutiny functions and to require at least one independent member to be appointed to it.

DLUHC has provided £15m to help meet the increased cost of audit in 2021/22, including the new Code of Audit Practice requirements, and fund any costs related to the Redmond Review. It also states that it will ensure that the New Burdens Doctrine will apply to any future increases in requirements. As can be seen from the paper elsewhere on this agenda the £12,212 allocation received by the Authority is insufficient even to cover the external audit scale fee variation.

CIPFA has yet to publish its updated guidance on Audit Committees (this was promised in both April and June 2022) but it has updated its position statement (Appendix 2) which recommends that audit committees should include at least two co-opted independent members.

There are a number of outstanding actions from the Authority's Redmond Review Working Group (which reported to this Panel in April 2021):

- 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 Fire Authority
- 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.
- Consideration to be given to whether training for S&A members could be made compulsory

There is clearly an overlap between these outstanding actions and some of the commitments made by DLUHC. At its meeting in January the Panel agreed to pause any further action until the revised CIPFA audit committee guidance was published.

RECOMMENDATION

The Panel is recommended to:

- i) Consider and comment upon the DLUHC update and the CIPFA position statement;
 - ii) Re-establish the Redmond Review Working Group to review the Authority's compliance with the CIPFA audit committee guidance (when published) and the other actions arising from the Redmond Review.
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Ministry of Housing & Local Government

Policy paper

Local authority financial reporting and external audit: Spring update

Published 19 May 2021

Applies to England

Contents

1. [Action taken to address immediate market instability](#)
2. [Consideration of system leader options](#)
3. [Functions of a system leader](#)
4. [Options for delivering system leadership](#)
5. [Preferred system leader](#)
6. [Governance to deliver an ARGA local audit system leader](#)
7. [Focus of local audit](#)
8. [Procurement/ appointing person arrangements](#)
9. [Progress implementing other recommendations relating to auditor training and qualifications, the functioning of local audit, and governance, the transparency of local authorities' accounts and the audit of smaller bodies](#)
10. [Next steps](#)
11. [Annex A: Table of recommendations outlining our response and our progress implementing them](#)

Print this page

1. In December, the Department delivered its response to the Redmond Review. That report set out the planned response to the 23 recommendations made by Sir Tony and grouped them under 5 themes:

- Action to support immediate market stability
- Consideration of system leadership options
- Enhancing the functioning of local audit, and the governance for responding to its findings
- Improving transparency of local authorities' accounts to the public
- Action to further consider the functioning of local audit for smaller bodies

2. The December response set out proposed actions to implement the majority of those recommendations and also made a commitment to provide a full response in the Spring on the options for systems leadership, after further consideration.

3. This report fulfils that commitment, details the actions already taken to implement the Redmond Review recommendations, and also sets out our thinking on the recommendations relating to systems leadership.

4. We will work closely with all stakeholders, including local bodies and audit firms, to refine the proposals, set out in this report, before publishing a public consultation exercise ahead of summer recess.

Action taken to address immediate market instability

5. Our December response acknowledged the Redmond Review's findings about the fragility of the local audit market and agreed that urgent action was needed. Despite the extension of the audited accounts publication deadline to 30 November for all local authority bodies, over 260

(55%) principal authorities' accounts remained open on 1 December 2020, in part reflecting the special challenges posed for both auditors and local bodies by the Covid-19 pandemic. The actions we have taken to date will help to alleviate the immediate funding and timing pressures facing both audit firms and local authorities.

6. In January 2021, we consulted on amendments to the Accounts and Audit Regulations 2015 to implement recommendation 10, which we partially accepted, to extend the deadline for publishing audited local authority accounts to 30 September from 31 July. In our response, we said that we would extend the deadline for two years from 2020/21 and to review at that point whether there is a continued need to have an extended deadline. These [regulations](#) came into force on 31 March 2021.

7. The Redmond Review also looked at the fee structures surrounding the audit contracts administered by Public Sector Audit Appointments Ltd (PSAA) (the appointing body for 98% of principal local authority audits) noting that the fee setting and variation process was insufficiently flexible and that local audit fees had reduced by 40% when compared against a 20% rise in central government and FTSE100 audit fees.

8. To that end we are providing £15million to principal bodies, both to help support affected bodies to meet the anticipated increase in audit fee costs in 21/22 and to support with new burdens relating to implementing Redmond's recommendations. We are currently seeking views via public [consultation](#) on the methodology for distributing this funding in the fairest way and our intention is to confirm individual allocations as soon as possible after the consultation closes on 18 May.

9. On fees, Redmond 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 response, we are currently [consulting](#) on proposals to make amendments to [The Local Audit \(Appointing Person\) Regulations 2015](#) that will, subject to stakeholders' views, provide PSAA (the bulk audit services procurement body) with more flexibility to agree fees that more closely match the actual costs of audit.

10. While the picture on outstanding audits has improved, there remained 116 2019/20 audit opinions outstanding as of 31 March 2021 – four months beyond the extended deadline. It is our expectation that the measures set out above should help to mitigate the knock-on impacts in 21/22 for completion of 20/21 audits, as well as helping ameliorate outstanding delays.

11. Progress implementing these commitments, as well as our action in response to all of the other Redmond recommendations, is set out in the table at annex A.

Consideration of system leader options

12. MHCLG's priorities for local audit are: a strong and coordinated quality framework, a buoyant local audit market, and improved transparency and governance. In the current local audit framework, there are different organisations responsible for procurement and contract management of local audit contracts (PSAA), determining the Code of Local Audit Practice (National Audit Office (NAO)), regulating the local audit sector (the Financial Reporting Council (FRC)), and monitoring and review of local audit performance (the FRC and the Institute of Chartered Accountants in England and Wales (ICAEW)).

13. Sir Tony Redmond identified a lack of coherence and join up across the current local audit framework, as none of the existing organisations in the system "had a statutory responsibility, either to act as a systems leader or to make sure that the framework operates in a joined-up and coherent manner".

14. To address this, the Review recommended that all these functions should be transferred to a single organisation – with a new independent body, the Office of Local Audit and Regulation (OLAR), responsible for procurement, contract management, regulation, and oversight of local audit. This new body would liaise with the FRC with regard to its role in setting auditing standards.

15. We agree that a lack of leadership across the current system has hampered both a coherent response to challenges arising and a nimble response to changing imperatives. We also agree that differing views on ‘what local audit is for’ has contributed to a disjuncture between organisations within the system.

16. In our December response to the Redmond Review, we said that we were not currently persuaded of the need for a new arms-length body and that we wanted to explore the full range of options as to how best to deliver Sir Tony’s findings about a lack of system leadership, including whether to establish a new body. Since then, we have been working closely with stakeholders across Government and the local audit sector to think through exactly what would be required from a new system leader.

17. In March 2021 the government published a [White Paper](#) setting out its plans to reform corporate audit, reporting and governance. The White Paper set out details of how the government proposes to establish a new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC. It also set out government plans to create a new audit profession that is distinct from the accountancy profession, and to encourage competition in the market for audit of large listed companies. We have looked at options for local audit in the context of these wider reforms.

Functions of a system leader

18. As set out above, we agree that there is a lack of coherence between different functions within the existing local audit system. We also agree that a clearly accountable system leader is needed, with overarching responsibility for the local audit framework, including the Code of Audit Practice and the monitoring and review of local audit performance.

19. However, we do not accept that the same organisation also needs to be responsible for the procurement and management of local audit contracts, and note that this is not a typical role for an independent regulator to have. As the Local Government Association (LGA) highlighted in their response to the Redmond Review, there could be a conflict of interest, for example, if auditors defend poor performance by criticising the contract.

20. Notwithstanding this, it will be important to ensure that there is alignment between the objectives of the procurement and the broader framework, for example, to ensure that the former reflects an appropriate balance between price and quality.

21. Furthermore, we think that it is important that the system leader has an overarching responsibility for encouraging effective competition in the local audit market. While this goes beyond the recommendations of the Redmond Review, we think it is important as Sir Tony highlighted “evidence of market stress in the supply of appropriately experienced and qualified local authority auditors”, and this is not something that can just be resolved by changes to the procurement.

Options for delivering system leadership

22. In considering the full range of options for delivering this system leader role, it remains our view that it is not necessary, or desirable, to establish a new arms-length body with responsibility for local audit.

23. We do not wish to re-create the costly, bureaucratic and over-centralised Audit Commission. While we accept that this was not the intention of Sir Tony’s recommendation, we need to be mindful of the risk that, once a new body is created, costs can spiral over time, and it is our responsibility to safeguard the interests of our taxpayers.

24. Rather than re-creating the Audit Commission, we want to build on the benefits of the 2014 Local Audit and Accountability Act. This includes the reduction in the cost to local authorities and government of local audit, delivering estimated savings of £1.35 billion over 10 years.

The Act also gave local bodies more flexibility around their audit services and required authorities to publish certain information set out in [transparency codes](#) which, for the very smallest authorities, replaced external audit in most cases.

25. We also need to be mindful of how local audit fits into the broader audit landscape. While a new body with responsibility for procurement, regulation and oversight of local audit would align some functions, it would also create new interfaces, for example with the FRC who has broader regulatory responsibility.

26. There are clear interdependencies with health audit, and there is a risk that a new local audit-focused body would lead to greater divergence with health audit, at a time when the government's NHS White Paper [Working Together to improve health and social care for all](#) is driving greater integration between health and local government services. The downsides of potential divergence between local and health audit emerged clearly from our engagement with audit firms.

27. We also think it would be wrong to extract local audit from the broader audit framework. While there are distinct elements to local audit – as outlined later in this report – the fundamentals, and many of the issues facing the sector, including the long-term supply of auditors, are the same. It is notable that part of the aims of the government's broader reforms to corporate audit is to improve transparency and strengthen governance arrangements with a clear public interest focus, similar to MHCLG's ambition's for local audit.

28. We have worked with stakeholders to consider a number of alternatives to OLAR, including whether existing organisations, or MHCLG, could take on this system leader role. Our view is that it would be inappropriate for central government to act as a regulator of local government audit and we remain committed to the principles of a locally-led audit regime, as embodied in the 2014 Act. It is preferable to have a regulator who can both act independently, and have the confidence of stakeholders and local bodies that they are acting independently.

29. Of the existing organisations in the local audit system, we note Sir Tony's finding that none of these six entities (NAO, FRC, PSAA, ICAEW, the Chartered Institute of Public Finance and Accountancy (CIPFA), and the LGA) has a statutory responsibility, either to act as a system leader or to make sure that the framework operates in a joined-up and coherent manner, and also that a number of these organisations do not have the local authority sector as their main focus.

30. Consequently, it will be necessary to ensure that we give the system leader the statutory responsibilities and powers to ensure that they are able to function appropriately, and also to ensure that they have sufficient focus on the issues specific to public audit. We recognise that this will require primary legislation to establish.

Preferred system leader

31. In this context, it is our view that ARGAs, the new regulator being established to replace the FRC, would be best placed to take on the local audit system leader role. The FRC is the only organisation that currently undertakes the full range of core functions relating to the quality framework we think it necessary for a single responsible body to have, albeit with some of these, such as code setting responsibilities, currently only relating to corporate audit.

32. As we have outlined above, we think that it is crucial that a new system leader has a core focus on ensuring competition on the market, and this will build on the proposals to introduce "promoting effective competition in the market for statutory audit work" as a core objective for ARGAs currently being consulted on as part of the government's corporate audit consultation [Restoring trust in audit and corporate governance](#).

33. Sir Tony noted the risk that the reforms being undertaken in response to the Kingman and Brydon Reviews created a risk of greater divergence between corporate and local audit. However, we think that by establishing ARGAs as the body responsible for local audit, we can harness the impact of these broader reforms on improving competition in the local audit market too.

34. The Department for Business, Energy and Industrial Strategy (BEIS) is also consulting on proposals to establish a new professional body for corporate audit, and as we develop our proposals, we will work with BEIS to consider how this should relate to local audit.

35. Taking this approach, and transferring the Code of Local Audit Practice to ARGA, will also help to ensure that the focus of local audit and health audit continue to remain aligned.

Governance to deliver an ARGA local audit system leader

36. We note that Sir Tony's rationale for discounting the FRC as a possible system leader was that its "main focus is corporate sector external audit, and to be fully effective the system leader for local public audit will need to demonstrate detailed expertise and a clear focus on that sector."

37. We agree that this expertise and focus are requisite for a system leader, and we are confident it will be possible for ARGA to develop them. While the exact arrangements for a new ARGA local audit system leader will be subject to further work with BEIS and FRC, we have agreed a number of high-level principles to provide reassurance on this point.

38. These include aligning ARGA's proposed statutory objectives, principles and functions to explicitly include local audit, the specific needs of the sector and the additional responsibilities relating to system leadership. Also, the establishment of a new department within ARGA to take on responsibility for local audit-related work, including oversight and inspection.

39. Beyond this, there are a number of governance mechanisms that BEIS is currently consulting on to ensure that the government has the information it needs to shape the regulatory framework according to ARGA's experience on the ground and that ARGA has clarity on the government's strategic priorities, while being clear to maintain ARGA's legal and operational independence.

40. The mechanisms include BEIS's Secretary of State having responsibility for the appointment of non-executive board members of the ARGA Board and sending a statutory remit letter at least once a Parliament setting out those matters which the regulator should consider when exercising its policy-making functions. The regulator should be required to respond publicly to that letter. While the final details will be subject to consultation, it is our intention that these measures will also be used to ensure alignment with local audit.

41. Sir Tony also recommended the establishment of a new Liaison Committee comprising key stakeholders and chaired by the Ministry of Housing, Communities and Local Government (MHCLG), to receive reports from the new regulator on the development of local audit. We agree that this would be an important forum, however, it is our view that this should be chaired by ARGA, as the system leader. The exact membership of this will be subject to further consideration, but we envisage representation from organisations including CIPFA, PSAA, LGA, NAO, ICAEW, MHCLG, the Department of Health and Social Care (DHSC), NHS England, BEIS and the Treasury (HMT). It is our intention that, in the interim, as ARGA is established, MHCLG would chair this forum.

42. As well as this engagement with stakeholder organisations, it will also be crucial that ARGA has forums for engaging directly with both local bodies and audit firms to ensure that local audits are focused on areas of most risk to local bodies, and that firms have a clear understanding of priorities for the sector, and are able to escalate issues and concerns where necessary. We will work with the FRC to consider what the best mechanisms will be for achieving this.

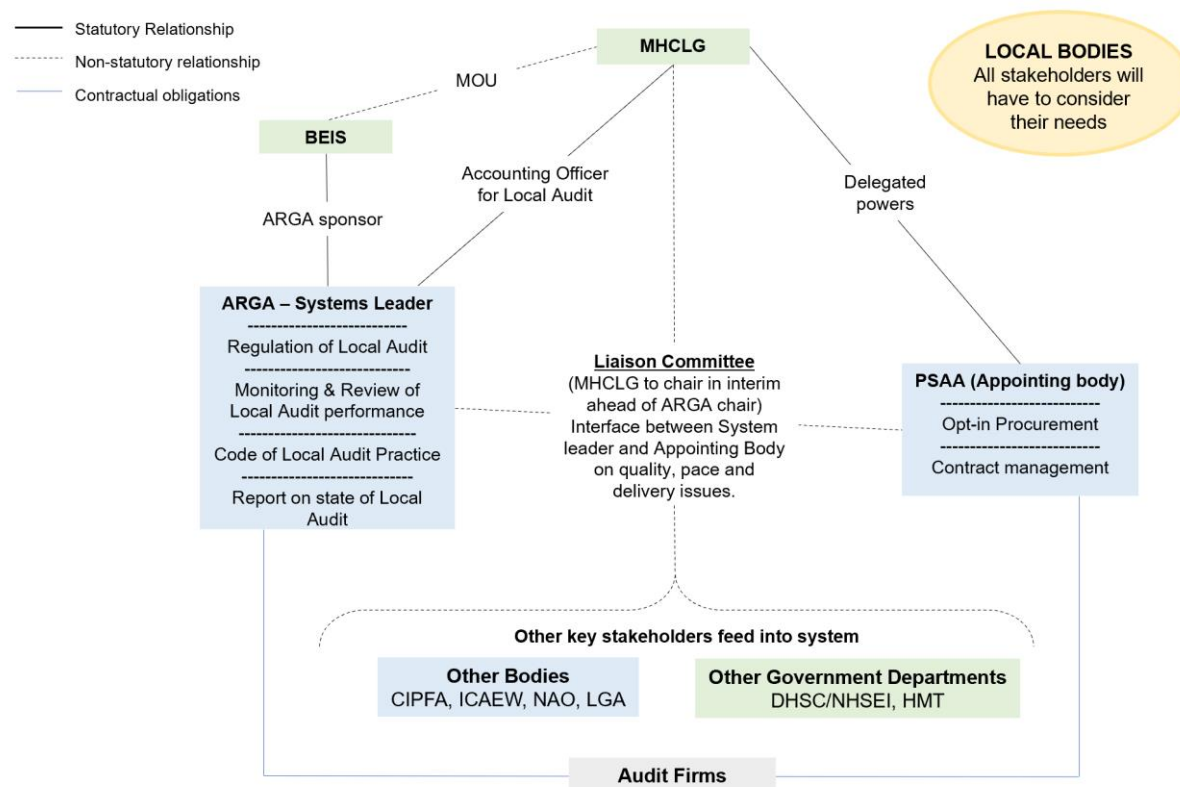
43. Sir Tony also recommended that a system leader have responsibility for producing annual reports summarising the state of local audit. We strongly agree with this recommendation.

44. We note that the report previously prepared by PSAA included detail on the number of audits completed by the statutory deadline and the number of qualified financial audit and value for money opinions, with the latter categorised by theme. It also listed all Public Interest Reports,

Statutory Recommendations and Advisory Notices issued in the preceding year. The exact content of the report would be subject to further work, but we see this as an important mechanism for ARGAs to report on progress to MHCLG, as well as to inform MHCLG's stewardship of the local government accountability framework.

45. Following today's announcement, we will undertake further engagement with stakeholders, including local bodies and audit firms, to refine our thinking on how a new ARGAs local audit system leader should operate, before launching a public consultation on the details of the proposals ahead of summer recess. It will be important that this is consistent with the proposals currently being consulted on as part of the government's wider corporate audit reforms.

New Local Audit Framework with System Leader



New local audit framework with system leader
Focus of local audit

46. Sir Tony highlighted the 'expectation gap' between what auditors are required to do, and what local authorities and taxpayers expect, when auditors are assessing the financial resilience of local authorities. This has also been a consistent theme raised by stakeholders, who have emphasised the need for the government to clearly set out its expectations of local audit.
47. Local audit comprises two elements. It includes an opinion that the statutory financial accounts, produced in accordance with CIPFA's Code of Practice on Local Authority Accounting, are true and fair, in accordance with statutory duties. The audit of the financial statements is a requirement that is consistent with private companies (unless exempt) and central government bodies. In the UK, external audit is undertaken under the International Standards on Auditing (ISA) (UK), set by the FRC, and audited accounts are then consolidated into the Whole of Government Accounts. The NAO's Code of Audit Practice (the 'Code') sets out that auditors of local bodies should conduct the audit of the financial statement in accordance with the 'current auditing standards' as issued by the FRC.
48. As well as the financial audit, legislation also requires a further, value for money opinion from public audit, which includes an assessment on whether the auditor is satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, including consideration of financial sustainability and governance arrangements. The ISAs do not apply to value for money audits. The Audit Code requires the auditor to form a judgement on the nature and amount of work required to support the audit opinion.
49. The additional value for money audit requirements reflect the government's view that expectations of public audits should be higher than for company audits, in recognition of the fact that taxpayers cannot divest in their local body, in the way that a private investor in a company can. This is also reflected in the additional powers and duties that public auditors have to make Public Interest Reports and Statutory Recommendations, which perform a crucial role in bringing concerns into the public domain.
50. In undertaking the value for money audit, the auditor is only required to review whether proper practices were in place, rather than form a view on whether a local authority has delivered value for money.
51. Until recently, the Code required auditors to give a binary opinion on whether the proper arrangements were in place. However, this was revised in the recent update to the Code, which now requires auditors to provide a narrative statement on the arrangements in place. The department welcomes this change, as it is our view that the binary value for money judgement required under the previous Code did not provide sufficient information for taxpayers or local bodies, particularly in a context where the complexity and commercialisation of local authority finances has increased.
52. The new value for money requirements in the updated Code including a new commentary on governance, arrangements for achieving financial sustainability, and improving economy, efficiency and effectiveness - should help to address this. However, we agree with Sir Tony's recommendation that a new system leader should undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters, as Sir Tony Redmond recommended.
53. We recognise that this new requirement will increase the cost of local audit. We have provided £15m to help meet the increased cost of audit in 21/22, including the new Code of Audit Practice requirements, and we will ensure that the New Burdens Doctrine will apply to any future increases in requirements.
54. This may also have capacity implications for audit firms, at a time when there are issues relating to delays in the completion of audits and more broadly relating to the future pipeline of auditors. It is our expectation that the steps that the government is taking should provide clear reassurance as to the future viability of the local audit market, and give audit firms the confidence to invest sufficiently in their local audit teams.

55. To support this, we welcome the work that has been undertaken by the NAO and the FRC to make amendments to guidance, including Auditor Guidance Notes 03 and 07, as well as the guidance note on going concern, that should help assist in the delivery of 20/21 audits. However, in recognition of the significance of the delays facing the sector, we will work with stakeholders to consider whether there are other steps that could be taken to assist in the timely delivery of 21/22 audits.

56. More broadly, we also want the new system leader, as well as existing stakeholders, to look at whether there are opportunities to reduce some of the accounting and audit requirements where these relate to areas of less risk to local bodies. The intention would be to ensure that local authority accounts and the statutory audit are proportionate, noting that they need to be consolidated into the Whole of Government Accounts, prepared in accordance with International Financial reporting Standards, and meeting the necessary standards of reporting and scrutiny.

57. As there will inevitably be a period of transition while new arrangements are put in place, in the interim we will work with the CIPFA, CIPFA/LASAAC, the FRC, NAO, HMT, the Financial Reporting Advisory Board and others to look at opportunities to address these issues around accounting and audit requirements at pace, including through modifications to the Accounting Code.

Procurement/ appointing person arrangements

58. In our December publication, we said that we would consider what, if any, further action may be necessary to support the future appointing person to ensure that the next procurement enables market sustainability. We highlighted the finding that 88% of local authorities who responded to the Review's Call for Views thought the current procurement process does not drive the right balance between cost reduction, quality of work, volume of external auditors and mix of staff undertaking the work.

59. There is a balance to be struck between cost and quality. Historically, there were concerns that fees were too high and it was right that real savings were delivered for the taxpayer following the abolition of the Audit Commission. However, the context has changed since 2014, including the structure of the market, plus new obligations and the complexity of the work.

60. It is striking that local audit scale fees reduced by 40% between 2014/15 and 2018/19, while central government and FTSE100 fees have increased by 20%. We have been working closely with PSAA in recent months to develop our plans for allowing greater flexibility to reflect additional costs in audit fees, and are allocating £15m to local bodies to help with this and the additional requirements associated with implementing Redmond's recommendations.

61. These measures will help to address the immediate market fragility issues, as well as ensure that, in the longer-term, there is a mechanism to reflect additional costs more quickly if new audit requirements are introduced during the course of an appointing period, thereby removing the financial risk from the audit firms.

62. While Sir Tony recommended that a new system leader should take on responsibility for procurement, as we have outlined above, we do not consider this to be appropriate given the need for independence between the procurement and quality oversight functions.

63. Based on our engagement, it remains our view that PSAA is the organisation best placed to act as the appointing body, including overseeing the next procurement, due to their strong technical expertise and the proactive work they have done to help identify improvements that can be made to the process. This will also help to provide continuity, given the proximity of the next procurement exercise.

64. However, it is clear that the procurement of local audit contracts is a vital element of the broader framework, and objectives need to be aligned across this system, including through consultation with the FRC and other stakeholders.

65. As the Redmond Review highlighted, with only three firms covering over 80% of local audit, a withdrawal by one could create a very challenging gap to fill. Looking ahead to procurement for the next round of contracts that will commence from 2023/24, a priority needs to be expanding the number of firms engaged in the market. Our engagement with the audit firms who currently hold local audit contracts indicates that this is a view that they share.

66. Alongside confirming PSAA as the appointing body, we will agree an updated Memorandum of Understanding between MHCLG and PSAA. To support the delivery of a positive outcome at the next procurement, it will be important to ensure that objectives are aligned across the system, and that all partners are playing their role in supporting the appointing person. To achieve this, the Liaison Committee will provide a forum to consider the procurement strategy at key stages in its development.

67. However, PSAA will remain responsible and accountable for the appointment of auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, as specified by the Secretary of State for Housing Communities and Local Government under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.

68. The updated MOU will also reflect the expectation that the next procurement exercise includes a strong focus on market development, to support the long-term competitiveness and sustainability of the market. MHCLG will be providing additional support to PSAA to help with this. We will expect PSAA to work closely with local bodies and audit firms to deliver a positive outcome for all parties.

69. The appointing person 'opt-in' arrangements currently only apply to local bodies, with health bodies responsible for appointing their own auditors. We have engaged with colleagues in DHSC and NHS England to discuss whether changes should be made to the procurement arrangements for health audit, but it is our shared view that existing arrangements should remain in place.

70. The Secretary of State for Housing, Communities and Local Government retains the delegation powers, and MHCLG will continue to keep all arrangements under review in future to ensure that they are delivering quality and value for money for local bodies and taxpayers.

Progress implementing other recommendations relating to auditor training and qualifications, the functioning of local audit, and governance, the transparency of local authorities' accounts and the audit of smaller bodies

71. Alongside action on addressing market instability and considerations around systems leadership, we have also been working with key stakeholders to consider how we implement the broader commitments we made in our response to the Redmond Review. In recognition of the importance of delivering collaboratively with stakeholders, we have established a number of working groups led by sector representatives, with membership drawn from other stakeholder organisations, to make recommendations to MHCLG as to how the commitments should be implemented.

72. In relation to the recommendations around auditor capacity, skills, training and experience, we are working closely with the FRC, ICAEW and CIPFA to review the current guidance on entry requirements for Key Audit Partners in local audit - and to consider what else is possible to ensure that firms with the capacity, skills and experience are not excluded from bidding on local audit work.

73. We have also been engaging with the LGA, CIPFA and others to consider the recommendations around audit committees, their status and membership, with a view to developing new guidance endorsed by all stakeholders.

74. We are working with CIPFA to develop the new Standardised Statements of accounts, and consideration is also being given to making further amendments to the Accounts and Audit Regulations – subject to consultation – to require the development and auditing of the new Standardised Statement. New burdens for local bodies resulting from these new requirements will be met from part of the additional £15m provided to local bodies for 2021/22.

75. We are also working with smaller bodies stakeholders, including the National Association of Local Councils (NALC), Society of Local Council Clerks (SLCC), and the Small Authorities Audit Appointments (SAAA) to consider changes to current auditor guidance notes and what additional audit work might be appropriate for 'larger' small bodies. This also includes considering what further action might be possible to assist a small number of parish councils in relation to vexatious complainants.

Next steps

76. Following today's publication, we will work closely with stakeholders, including local bodies and audit firms, to refine our proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review, ahead of publishing a public consultation on the proposals in advance of summer recess.

77. Some of these changes would require primary legislation, and so the government would look to introduce them, subject to public consultation, as part of broader draft legislation with BEIS to implement the government's broader corporate audit reforms when Parliamentary time allows. We will continue to work closely with the FRC, PSAA, NAO and others in the intervening period to consider how we can make more immediate changes that do not require primary legislation.

Annex A: Table of recommendations outlining our response and our progress implementing them Action to support immediate market stability (recommendations 5, 6, 8, 10, 11)

Recommendation	December MHCLG Response	Progress update
5. All auditors engaged in local audit be provided with the requisite skills and training to audit a local authority irrespective of seniority.	Accept ; we will work with the ICAEW, CIPFA and FRC to deliver this recommendation	In progress. • We committed to working with stakeholders, including the ICAEW, CIPFA and FRC, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.
6. 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.	Accept	In progress. • We are currently consulting on proposals to make amendments to The Local Audit (Appointing Person) Regulations 2015 that will, subject to

Recommendation	December MHCLG Response	Progress update
		<p>stakeholders' views, provide Public Sector Audit Appointments Ltd (PSAA) (the bulk audit services procurement body) with more flexibility to agree fees that more closely match the actual costs of audit.</p> <ul style="list-style-type: none"> • We are providing £15 million to principal bodies, both to help support affected bodies to meet the anticipated increase in audit fee costs in 21/22 and to support with new burdens relating to implementing Redmond's recommendations. We are currently seeking views via public consultation on the methodology for distributing this funding in the fairest way and our intention is to confirm individual allocations as soon as possible after the consultation closes on 18 May. • We have reconfirmed PSAA Ltd as the appointing body ahead of the next procurement, and will work closely with them, as well as other stakeholders, to ensure alignment in objectives between the procurement and the wider local audit system.
8. Statute be revised so that audit firms with the requisite capacity, skills and experience are not excluded from bidding for local	Part accept; we will work with the FRC and ICAEW to deliver this recommendation,	<p>In progress.</p> <ul style="list-style-type: none"> • We committed to working with stakeholders, including the ICAEW and

Recommendation	December MHCLG Response	Progress update
audit work.	including whether changes to statute are required	<p>FRC, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</p> <ul style="list-style-type: none"> • This includes reviewing guidance relating to the entry criteria for key audit partners (KAPs).
10. The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.	Part accept; we will look to extend the deadline to 30 September for publishing audited local authority accounts for two years, and then review	<p>Delivered.</p> <ul style="list-style-type: none"> • Regulations extending the audit publication deadline to 30 September for 2 years came into force on 31 March 2021. • At the end of this period we will review whether there is a continued need to have an extended deadline.
11. The revised deadline for publication of audited local authority accounts be considered in consultation with NHSE/I and DHSC, given that audit firms use the same auditors on both Local Government and Health final accounts work.	Accept	<p>Delivered.</p> <ul style="list-style-type: none"> • Regulations extending the audit publication deadline to 30 September for 2 years came into force on 31 March 2021. • At the end of this period we will review whether there is a continued need to have an extended deadline.
Consideration of system leadership options (recommendations 1, 2, 3, 7, 13, 17)		

Recommendation	December MHCLG Response	Progress update
<p>1. A new body, the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit with the following key responsibilities:</p> <ul style="list-style-type: none"> • procurement of local audit contracts; • producing annual reports summarising the state of local audit; • management of local audit contracts; • monitoring and review of local audit performance; • determining the code of local audit practice; and • regulating the local audit sector. <p>2. The current roles and responsibilities relating to local audit discharged by the:</p> <ul style="list-style-type: none"> • Public Sector Audit Appointments (PSAA); • Institute of Chartered Accountants in England and Wales (ICAEW); • FRC/ARGA; and • The Comptroller and Auditor General (C&AG) to be transferred to the OLAR. 	<p>We are considering these recommendations further and will make a full response by spring 2021</p>	<p>Part accept;</p> <ul style="list-style-type: none"> • We accept the need for a single organisation to have responsibility for leadership of the local audit system, including oversight of the quality framework and encouraging competition in the local audit market. • We accept that this requires a single body to have responsibility for: <ul style="list-style-type: none"> o Producing annual reports summarising the state of local audit; o Monitoring and review of local audit performance; o Determining the code of local audit practice; and o Regulating the local audit sector. • We do not accept that a new body needs to be created to undertake these functions, and think that these functions, as well as an overarching responsibility for system leadership and encouraging competition in the local audit market, should be undertaken by the Audit, Reporting and Governance Authority (ARGA), set to be established to replace the Financial Reporting Council. • We do not accept that this body

Recommendation	December MHCLG Response	Progress update
		<p>should also have responsibility for procurement and management of local audit contracts, and think that these should functions should continue to be undertaken by PSAA.</p> <ul style="list-style-type: none"> • We will work with stakeholders to refine these proposals ahead of a public consultation before summer recess.
<p>3. A Liaison Committee be established comprising key stakeholders and chaired by MHCLG, to receive reports from the new regulator on the development of local audit.</p>	<p>We are considering these recommendations further and will make a full response by spring 2021</p>	<p>Part accept; we will establish this new Liaison Committee, but think that this should be chaired by ARGAs as the 'system leader' once the new arrangements are established. MHCLG will chair this in the intervening period.</p>
<p>7. That quality be consistent with the highest standards of audit within the revised fee structure. In cases where there are serious or persistent breaches of expected quality standards, OLAR has the scope to apply proportionate sanctions.</p>	<p>We are considering these recommendations further and will make a full response by spring 2021</p>	<p>Part accept; we will work with stakeholders to consider whether additional sanction powers beyond the audit enforcement procedures that ARGAs will already have are necessary.</p>
<p>13. The changes implemented in the 2020 Audit Code of Practice are endorsed; OLAR to undertake a post implementation review to assess whether these changes have led to</p>	<p>We are considering these recommendations further and will make a full response by spring</p>	<p>Accept; we have endorsed the changes to the 2020 Audit Code of Practice, and will look to ARGAs to undertake a post implementation review to assess whether these</p>

Recommendation	December MHCLG Response	Progress update
more effective external audit consideration of financial resilience and value for money matters.	2021	changes have led to more effective external audit consideration of financial resilience and value for money matters in due course.
17. MHCLG reviews its current framework for seeking assurance that financial sustainability in each local authority in England is maintained.	We are considering these recommendations further and will make a full response by spring 2021	Accept ; MHCLG carries out a range of assurance activity, drawing on local authority data and financial metrics and soft intelligence from engagement with the sector. The Department has undertaken additional data collection in 2020-21 to provide government with robust data on local financial pressures in the context of the Covid-19 pandemic, and has also implemented a consistent process to engage with local authorities facing financial challenges and, where appropriate, provide exceptional financial support.

Enhancing the functioning of local audit, and the governance for responding to its findings (recommendations 4, 9, 12, 18)

Recommendation	December MHCLG Response	Progress update
<p>4. The governance arrangements within local authorities be reviewed by local councils with the purpose of:</p> <ul style="list-style-type: none"> • an annual report being submitted 	Accept ; we will work with the LGA, NAO and CIPFA to deliver this recommendation	<p>In progress.</p> <ul style="list-style-type: none"> • We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established

Recommendation	December MHCLG Response	Progress update
<p>to Full Council by the external auditor;</p> <ul style="list-style-type: none"> • consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and • formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually. 		<p>a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</p> <ul style="list-style-type: none"> • This includes consideration of new guidance developed with the stakeholders listed above, as well as the ICAEW and PSAA Ltd, and local bodies and audit firms.
<p>9. External Audit recognises that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice.</p>	<p>Accept; we will work with the NAO and CIPFA to deliver this recommendation</p>	<p>In progress.</p> <ul style="list-style-type: none"> • We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess. • This includes consideration of new guidance developed with the stakeholders listed above, as well as the ICAEW and PSAA Ltd, and local bodies and audit firms.

Recommendation	December MHCLG Response	Progress update
<p>12. The external auditor be required to present an Annual Audit Report to the first Full Council meeting after 30 September each year, irrespective of whether the accounts have been certified; OLAR to decide the framework for this report.</p>	<p>Accept; we will work with the LGA, NAO and CIPFA to deliver this recommendation, including whether changes to statute are required</p>	<p>In progress.</p> <ul style="list-style-type: none"> • We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess. • This includes consideration of new guidance developed with the stakeholders listed above, as well as the ICAEW and PSAA Ltd, and local bodies and audit firms.
<p>18. Key concerns relating to service and financial viability be shared between Local Auditors and Inspectorates including Ofsted, Care Quality Commission and HMICFRS prior to completion of the external auditor's Annual Report.</p>	<p>Accept; we will work with other departments and the NAO to deliver this recommendation</p>	<p>In progress.</p> <ul style="list-style-type: none"> • We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess. • This includes consideration of new guidance developed with the stakeholders listed above, as well as

Recommendation	December MHCLG Response	Progress update
the ICAEW and PSAA Ltd, and local bodies and audit firms.		
Improving transparency of local authorities' accounts to the public (recommendations 19, 20, 21, 22)		
Recommendation	December MHCLG Response	Progress update
19. A standardised statement of service information and costs be prepared by each authority and be compared with the budget agreed to support the council tax/precept/levy and presented alongside the statutory accounts.	Accept; we will work with CIPFA to deliver this recommendation	In progress. • We are currently working with CIPFA to deliver this recommendation. We are taking time to consider how it should work, as it is important that it is of value for taxpayers.
20. The standardised statement should be subject to external audit.	Accept; we will work with CIPFA and the NAO to deliver this recommendation	In progress. • We are currently working with CIPFA to deliver this recommendation. We are taking time to consider how it should work, as it is important that it is of value for taxpayers.
21. The optimum means of communicating such information to council taxpayers/service users be considered by each local authority to ensure access for all sections of the communities.	Accept; we will work with the LGA and CIPFA to deliver this recommendation	In progress. • We are currently working with CIPFA to deliver this recommendation. We are taking

Recommendation	December MHCLG Response	Progress update
		time to consider how it should work, as it is important that it is of value for taxpayers.
22. CIPFA/LASAAC be required to review the statutory accounts, in the light of the new requirement to prepare the standardised statement, to determine whether there is scope to simplify the presentation of local authority accounts by removing disclosures that may no longer be considered to be necessary.	Accept; we will look to CIPFA to deliver this recommendation	In progress. • CIPFA/LASAAC has agreed a new Strategic Implementation Plan that includes delivery of this recommendation.
Action to further consider the functioning of local audit for smaller bodies (recommendations 14, 15, 16, 23)		
Recommendation	December MHCLG Response	Progress update
14. SAAA considers whether the current level of external audit work commissioned for Parish Councils, Parish Meetings and Internal Drainage Boards (IDBs) and Other Smaller Authorities is proportionate to the nature and size of such organisations.	Accept; we will look to SAAA to deliver this recommendation	In progress • We committed to working with stakeholders, including SAAA and JPAG, to deliver these recommendations. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess. • This includes changes to current auditor guidance notes and what additional audit work might be appropriate for 'larger' small bodies.

Recommendation	December MHCLG Response	Progress update
<p>16. SAAA reviews the current arrangements, with auditors, for managing the resource implications for persistent and vexatious complaints against Parish Councils.</p>	<p>Accept; we will look to SAAA to deliver this recommendation</p>	<p>In progress</p> <ul style="list-style-type: none"> • We committed to working with stakeholders, including SAAA and JPAG, to deliver these recommendations. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess. • This includes changes to current auditor guidance notes and what additional audit work might be appropriate for ‘larger’ small bodies.
<p>23. JPAG be required to review the Annual Governance and Accountability Return (AGAR) prepared by smaller authorities to see if it can be made more transparent to readers. In doing so the following principles should be considered:</p> <ul style="list-style-type: none"> • Whether “Section 2 – the Accounting Statements” should be moved to the first page of the AGAR so that it is more prominent to readers; • Whether budgetary information along with the variance between outturn and budget should be included in the Accounting Statements; and 	<p>Accept; we will work to JPAG to deliver this recommendation</p>	<p>In progress</p> <ul style="list-style-type: none"> • We committed to working with stakeholders, including SAAA and JPAG, to deliver these recommendations. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess. • This includes changes to current auditor guidance notes and what additional audit work might be appropriate for ‘larger’ small bodies.

Recommendation**December MHCLG
Response****Progress update**

- Whether the explanation of variances provided by the authority to the auditor should be disclosed in the AGAR as part of the Accounting Statements.

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CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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EAST SUSSEX FIRE AUTHORITY

Meeting Scrutiny & Audit Panel

Date 21 July 2022

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

By Assistant Director Resources / Treasurer

Lead Officer Helen Thompson / Stephan van der Merwe EY LLP

Background Papers None

Appendices

1. External Audit Planning Report (EY)
2. PSAA scale fee determination 2020/21

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	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

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

EXECUTIVE SUMMARY The attached external audit planning report (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 2021/22 accounts and form their judgement on the Authority's value for money arrangements. EY has not identified any specific risks relating to the Authority's accounts. The report has been updated from the version submitted to this Panel on 12 May 2022.

The report asks that (p20) the Panel confirm its understanding of, and agreement to the proposed materiality and reporting levels as follows:

- Planning materiality = £1.09m
- Performance materiality = £0.818m
- Audit differences = £0.054m

In May 2022 EY notified the Authority of a proposed scale fee variation of £11,423 for the audit of the 2020/21 accounts. However, it was not clear at the time that it should also have included the scale fee rebasing figure of £27,553 included in the original planning document for 2020/21. EY subsequently submitted a scale fee variation of £45,885 to PSAA who are minded to approve a variation of £18,548 giving a total scale fee of £42,238 (as set out in Appendix 2). This is an increase of 30% on the final fee scale for 2019/20 (£32,390) and includes the 25% increase in the hourly rate for additional fees agreed by PSAA across all audit contracts and additional costs for the new vfm judgement and relating to ISA540. It clearly exceeds the additional grant of £12,212 provided by Government to cover the additional costs arising from all of the actions taken in response to the Redmond Review, however it is within the amount provided for within the 2021/22 accounts. An update has been sought from PSAA on the status of the variation and this will be provided at the Panel meeting.

In Appendix A of its Audit Planning document EY indicates that it expects to submit a scale fee variation for the audit of the 2021/22 accounts in the range of £43,762 - £47,762 giving a total scale fee of £67,452 - £71,452. At this stage it does not appear that there are any material new responsibilities on external auditor resulting from the relevant Code and therefore if PSAA remains consistent in its approach in previous years then an approved scale fee variation of the order of £20,000 may be a more reasonable forecast, giving a total scale fee of approximately £43,690. Again the increase exceeds the additional grant provided by Government however it can be contained within the existing finance budget.

In response to the Redmond Review the Government has, as part of "Measures to improve local audit delays", amended the draft and final accounts publication deadlines for relevant bodies including Fire Authorities to 31 July and 30 November the accounting year 2021/22. The Service expects to publish its draft accounts in the week commencing 11 July. This is later than planned as a result of delayed receipt of collection fund information from billing authorities. The changes in dates will require an additional Scrutiny & Audit Panel on 28 September for approval. It appears likely that EY will not receive the assurances they require from the auditor of the East Sussex Pension Fund until October. If this is the case then a further update and final audit report may need to be

presented to the Scrutiny & Audit Panel on 10 November 2022.

RECOMMENDATION

The Panel is recommended to:

- (i) Approve the updated external audit planning report for 2021/22.
 - (ii) Agree the materiality and reporting levels set out in the planning report.
 - (iii) Approve the 2020/21 scale fee variation as determined by PSAA.
 - (iv) Note the planned fee variation set out by EY in Appendix A of their report.
 - (v) 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 update

Year ended 31 March 2022

July 2022



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

11 July 2022

Dear Scrutiny & Audit Panel Members

We are pleased to attach an update to our Provisional Audit Planning Report which was previously issued, dated 27 April 2022. This document has been prepared to address the changes in audit risks as a result of our completed planning procedures.

We have now completed our routine audit planning procedures and this update summarises the changes to 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. We will update the Scrutiny & Audit Panel if our assessment changes further during the course of the audit.

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 21 July 2022 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
Enc

Contents



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.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). 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 July 2021)" issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) 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 & Audit Panel and management of the East Sussex Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Scrutiny & Audit Panel and management of the 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 & Audit Panel and management of the 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.



01

Overview of our 2021/22 audit strategy



Overview of our 2021/22 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
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.
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.
Valuation of land and buildings in Property, Plant and Equipment (PPE)	Inherent risk	No change in risk or focus	The fair value of land and buildings in 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	No change in risk or focus	<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.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore, management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>
Going Concern Disclosure	Inherent risk	No change in risk or focus	<p>There is a presumption that the Authority will continue as a going concern for the foreseeable future. However, the Authority is required to carry out a going concern assessment that is proportionate to the risks it faces. There is a need for the Authority to ensure it's going concern assessment is robust and appropriately comprehensive.</p> <p>The Authority is required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular, highlights any uncertainties it has identified.</p>

Overview of our 2021/22 audit strategy

Materiality

Materiality has been set at £1.09m, which represents 2% of the prior years gross expenditure on provision of services.

Planning
materiality

£1.09m

Performance
materiality

£818k

Audit
differences

£54k

Performance materiality has been set at £818k, which represents 75% of materiality.

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and firefighters' pension fund financial statements) greater than £54k. Other misstatements identified will be communicated to the extent that they merit the attention of the Scrutiny & Audit Panel.

Overview of our 2021/22 audit strategy

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 2022 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

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 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 ISA 540 (revised) and 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.

Effects of climate-related matters on financial statements and value for money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

Overview of our 2021/22 audit strategy

Value for money conclusion

We include details in Section 03 but in summary:

- We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will provide a commentary on the Authority's arrangements against three reporting criteria:
 - 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.

The commentary on VFM arrangements will be included in the Auditor's Annual Report.

Timeline

In April 2020, the Ministry of Housing, Communities and Local Government established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years).

In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to extend the deadline for the publication of audited accounts to 30 November for 2021/22.

We are working with the Authority to deliver the audit ahead of 30 November, subject to the receipt of the assurance letter from the auditor of East Sussex Pension Fund. In Section 07 we include a provisional timeline for the audit.



Page 57

02

Audit risks





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.

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

Page 55

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 PPE.

Additions in the year ended 31 March 2022 were £1.89m.

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 Revenue Expenditure Funded from Capital under Statute (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.



Our response to significant risks (continued)

Misstatements due to fraud or error *

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) 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.



Audit risks

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.

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 2022 was £48.22m.

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 (Flude Property Consultants), 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 will also consider whether 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 2021/22 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 (continued)

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 administered by East Sussex County Council and the Firefighters Pension Scheme administered by the West Yorkshire Pension Fund.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2022 this totalled £472.91m.

The information disclosed is based on the IAS 19 reports issued to the Authority by the actuaries of the two pension schemes.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

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 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.

We will also engage our internal pensions specialists to undertake an auditor's estimate of the gross liability.

Other areas of audit focus (continued)

What is the risk/area of focus?

Going Concern

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?

We will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We will also review the Authority's going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We expect the Authority to disclose any material uncertainties that do exist. These disclosures should also include the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19 impact on the Authority's finances).

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.



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.

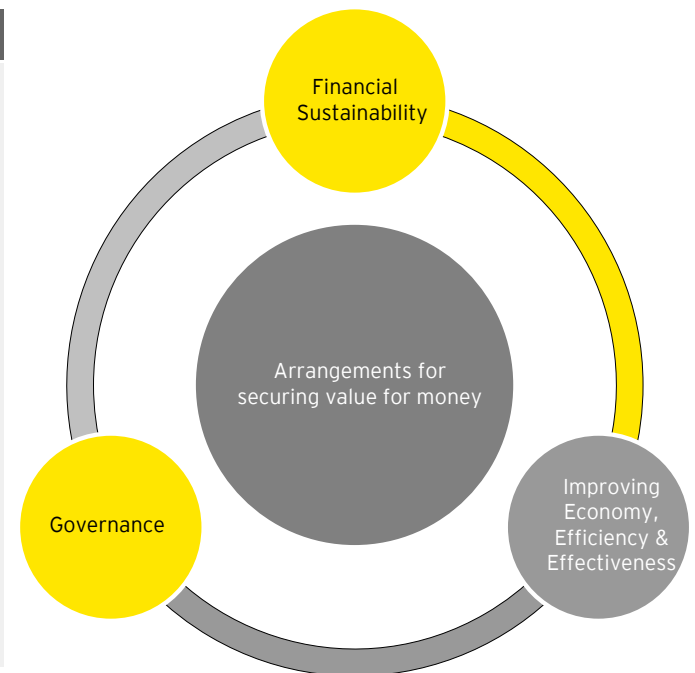
As part of the material published with the financial statements, the Authority is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Authority tailors the content to reflect 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 arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code of Audit Practice 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. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them 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.
- 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

Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires 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.

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

- The Authority's 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 and other bodies; and
- Any other evidence source that we regards 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

Responding to identified risks of significant weakness

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 Scrutiny & Audit Panel.

Reporting on VFM

Where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The 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.

Page 66

Status of our 2021/22 VFM planning

Our assessment for the Authority of the risk of significant weaknesses in the arrangements supporting each of the specified reporting criteria is still in progress. Our assessment to date has focused on a combination of:

- ▶ Cumulative audit knowledge and experience.
- ▶ Review of Authority and relevant committee reports,
- ▶ Review of other documentary evidence available on the Authority's website.
- ▶ Consideration of financial and performance reporting and outcomes for the year.
- ▶ Regular engagement with Authority's management.

To date we have not identified a risk of significant weakness.

We expect to complete our initial risk assessment before the Scrutiny & Audit Panel meeting, and we will provide a verbal update on the outcome of our VFM planning and our planned response to any identified risks of significant weaknesses in arrangements.



04

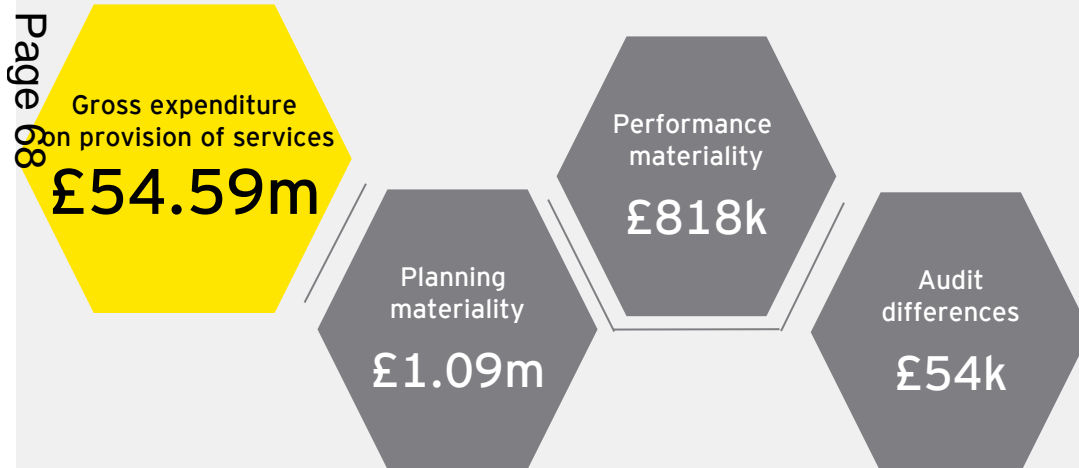
Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2021/22 has been set at £1.09m. 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 £818k 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 firefighters' pension fund financial statements 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 undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper 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 opinion on the financial statements:

Page 70

whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements; and
- where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

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

As outlined in Section 03, 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 and report a commentary on those arrangements.

Our Audit Process and Strategy (continued)

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 2021/22 we plan to follow a 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.

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 Chief Internal Auditor, 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 procedures where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Working together with the Authority

We are working together with officers to identify continuing improvements in communication and processes for the 2021/22 audit.
We will continue to keep our audit approach under review to streamline it where possible.

Audit team structure:

Helen Thompson *
Partner

Stephan van der Merwe
Manager

Zizipho Khonza
Senior

EY Specialists

EY Pensions

* Key Audit Partner

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:	Flude Property Consultants - RICS Registered Valuers
	EY third party specialist:	Gerald Eve - RICS Registered Valuers
Pensions disclosure	Management specialist:	Barnett Waddingham - Actuary
	EY third party specialist:	PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments
	EY specialist:	EY Pensions

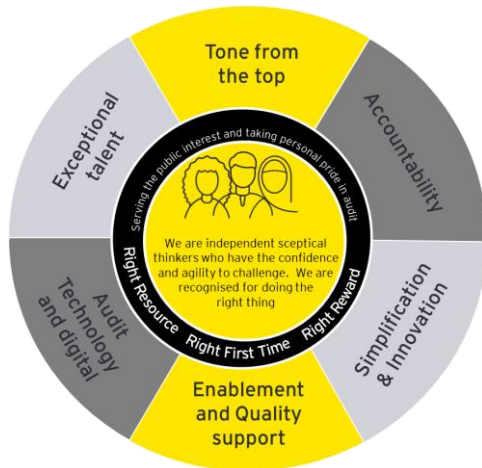
In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

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.

Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.

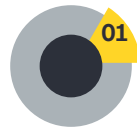


Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

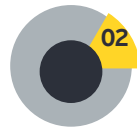
1. Our people are focused on a **common purpose**. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
 - ▶ **Right resources** – We team with competent people, investing in audit technology, methodology and support
 - ▶ **Right first time** – Our teams execute and review their work, consulting where required to meet the required standard
 - ▶ **Right reward** – We align our reward and recognition to reinforce the right behaviours

3. The six pillars of **Sustainable Audit Quality** are implemented.



Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



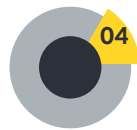
Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



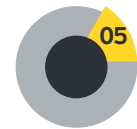
Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



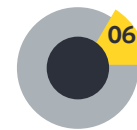
Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are **encouraged and empowered to challenge and exercise professional scepticism** across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

“A series of company collapses linked to unhealthy cultures.....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success.”

Sir John Thompson
Chief Executive of the FRC



07

Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the Scrutiny & Audit Panel and we will discuss them with the Scrutiny & Audit Panel Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Scrutiny & Audit Panel timetable	Deliverables
Planning: Risk assessment and setting of scopes.	April		
	May	Scrutiny & Audit Panel	2021-22 Audit Planning Report - Outline Plan
Walkthrough of key systems and processes	June		
	July	Scrutiny & Audit Panel	2021-22 Audit Planning Report - Update
Year end audit	July/August		
Audit completion procedures	September	Scrutiny & Audit Panel	Audit Results Report Audit opinion and completion certificate (subject to receiving assurances from the auditor of the Pension Fund)
	November	Scrutiny & Audit Panel	Annual Auditor's Report (including commentary on VfM)



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
<div> <div>Page 79</div> <ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; <p>The overall assessment of threats and safeguards; Information about the general policies and process within EY to maintain objectivity and independence.</p> </div>	<ul style="list-style-type: none"> ▶ 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; ▶ Details of non-audit/additional services provided and the fees charged in relation thereto; ▶ 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; ▶ 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 ▶ 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; ▶ 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 ▶ An opportunity to discuss auditor independence issues.

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 have an investment in the Authority; 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 those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

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.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. 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.

Relationships, services and related threats and safeguards

Other threats

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

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

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 2021

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 30 June 2021: https://www.ey.com/en_uk/about-us/transparency-report-2021



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

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 2021/22	Scale fee 2021/22	Final fee 2020/21
	£	£	£
PSAA scale fee	23,690	23,690	23,690
Scale fee rebasing (Note 1)	34,477	Nil	18,548 (Draft determination by PSAA - Note 4)
Revised proposed scale fee	58,167	23,690	
In-year scale fee variation:			
▶ Additional work for going concern (Note 2)	1,825	Nil	
▶ Additional work for pension fund IAS19 valuations. Our internal pensions specialists will be engaged to undertake an auditor's estimate of the gross liability (Note 2)	560	Nil	
▶ PSAA pre-approved additional fee for VFM and ISA540:			
○ ISA540 (Note 3)	1,900	1,900	
○ VFM commentary (Note 3)	5,000 to 9,000	5,000 to 9,000	
Total in-year scale fee variation	9,285 to 13,285	Nil	
Total fees	67,452 to 71,452	30,590 to 34,590	42,238

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

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 Authority; and
- The Authority has an effective control environment.

The outline timetable on page 28 is contingent on the above factors.

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 - Please see next page

All fees exclude VAT



Appendix A

Notes to fee table

Note 1 - In order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we assessed that the recurrent cost of additional requirements to carry out our audit should increase by £34,477. This was based on the amount we shared with the Authority in 2019/20, uplifted for the 25% increase in PSAA hourly rates. We also submitted a further in-year fee variation of £11,423 for the 2020/21 audit. PSAA has determined the total fee variation across both elements for 2020/21 as £18,548. We expect similar costs in nature in 2021/22 and subsequent years. However, PSAA has stated that this will need to be determined each year (please see note 4 below)

Note 2 - During 2020/21 we undertook additional work to address specific risks identified. For 2021/22 we have included an estimate of this fee where we expect similar additional work to be performed.

Note 3 - PSAA communicated a range of fees in August 2021 for the new requirements of the 2020 Code of Audit Practice, and the revised International Standard of Auditing 540 on Estimates. In the absence of further information, we have rolled these ranges forward for 2021/22.

Note 4 - PSAA provided the Authority with a draft determination of the 2020/21 fee in mid June 2022. This has not yet been finally determined.

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.
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.	Outline Audit Planning Report - May 2022 Audit Planning Report - July 2022
Significant findings from the audit	<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 ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - September 2022 Auditor's Annual Report - November 2022

Appendix B

Required communications with the Scrutiny & Audit Panel (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <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 ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report - September 2022
Financial statements	<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 ▶ Material misstatements corrected by management 	Audit Results Report - September 2022
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiries of the Scrutiny & Audit Panel where appropriate regarding whether any subsequent events have occurred that might affect the financial statements 	Audit Results Report - September 2022
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 ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> Management; Employees who have significant roles in internal control; or Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Scrutiny & Audit Panel responsibility 	Audit Results Report - September 2022




Appendix B

Required communications with the Scrutiny & Audit Panel (continued)

		Our Reporting to you
Required communications	What is reported?	When and where
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: <ul style="list-style-type: none"> Non-disclosure by management Inappropriate authorisation and approval of transactions Disagreement over disclosures Non-compliance with laws and regulations Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - September 2022
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 Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Outline Audit Planning Report - May 2022</p> <p>Audit Planning Report - July 2022</p> <p>Audit Results Report - September 2022</p>
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - September 2022
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur 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 2022
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Audit Results Report - September 2022

Appendix B

Required communications with the Scrutiny & Audit Panel (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - September 2022
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - September 2022
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - September 2022 Auditor's Annual Report - November 2022
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 Any non-audit work 	Outline Audit Planning Report - May 2022 Audit Planning Report - July 2022 Audit Results Report - September 2022
Value for Money	<ul style="list-style-type: none"> Risks of significant weakness identified in planning work Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses. 	Outline Audit Planning Report - May 2022 Audit Planning Report - July 2022 Audit Results Report - September 2022 Auditor's Annual Report - November 2022

Additional audit information

Objective of our audit

Our objective is to form an opinion on the Authority's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Scrutiny & Audit Panel. The audit does not relieve management or the Scrutiny & Audit Panel of their responsibilities.

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 by auditing standards

- ▶ 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 Authority's 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 Authority 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.

Additional audit information (continued)

Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement. ▶ Examining and reporting on the consistency of consolidation schedules or returns with the Authority's audited financial statements for the relevant reporting period
Other procedures	<ul style="list-style-type: none"> ▶ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

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 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.

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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.

Fee variation proposal (received 16/06/2022)

We are writing to inform you that we have reviewed the fee variation proposal (£45,885) submitted by your auditor Ernst & Young LLP for East Sussex Fire Authority for audit year 2020/21.

As you know we have a robust procedure to review and approve fee variations in accordance with the Local Audit (Appointing Person) Regulations. The auditor is required to discuss the proposal with the audited body before any matter is referred to PSAA. Auditors then provide us with the detail of the proposal and whether or not the proposal has been agreed (in full or in part) by the audited body. Once received PSAA considers each and every individual claim carefully, irrespective of whether or not there is local agreement. We have set out our process for assessing fee variation proposals on our website [Fee variation process – PSAA](#), which includes considering their value and size relative to others that are similar.

Having carefully reviewed and considered all of the information provided to us so far, we are currently minded to approve a fee variation of £18,548 (i.e. reducing the auditor's proposal by £27,337). A breakdown of the amounts approved is shown below.

Scale Fee		£23,690
<hr/>		
Fee Variations		
Approved on	Category	Value
14/06/2022	Pension valuation	£2,625
14/06/2022	PPE valuation	£2,750
14/06/2022	VFM commentary	£5,142
14/06/2022	COVID-19	£3,822
14/06/2022	Increased FRC challenge	£1,750
14/06/2022	Work of internal expert	£560
14/06/2022	ISA540	£1,899
Total Fee Variations		£18,548
2020-2021 total fee including this variation		£42,238
<hr/>		

Unless we hear from you by 29 June 2022 we will work on the basis that the amount above will be the final determination. You can contact us at feevariations@psaa.co.uk.

Kind regards

PSAA

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EAST SUSSEX FIRE AUTHORITY

Meeting Scrutiny & Audit Panel

Date 21 July 2022

Title of Report Internal Audit Annual Report and Opinion for the period 1 April 2021 to 31 March 2022

By Assistant Director Resources / Treasurer

Lead Officer Russell Banks, Orbis Chief Internal Auditor / Paul Fielding, Principal Auditor

Background Papers Scrutiny & Audit Panel 29 April 2021 - Item 54 Internal Audit Strategy and Annual Audit Plan 2021-22

Appendices 1. Annual Internal Audit Report and Opinion 2021/22

Implications

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

PURPOSE OF REPORT To provide an Opinion on East Sussex Fire Authority's internal control environment and report on the work of Internal Audit for the period 1 April 2021 to 31 March 2022.

EXECUTIVE SUMMARY On the basis of the audit work completed, the Orbis Chief Internal Auditor, as East Sussex Fire Authority's (ESFA) Head of Internal Audit, is able to provide reasonable assurance that the Fire Authority has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2021 to 31 March 2022.

Individual reports on the systems evaluated by internal audit included agreed actions to enhance controls and management have drawn up action plans to implement these.

SLT's attention is drawn to the following:

- The following reports received a partial assurance opinion:
 - ⇒ Surveillance Cameras (reported in full to Scrutiny & Audit Panel 12 May 2022)
 - ⇒ HR / Payroll (draft will be reported in full to Scrutiny & Audit Panel November 2022)
- No reports received a minimal assurance opinion
- Reviews of Capital Programme Management and HR / Payroll were still draft report stage at the time of writing this report
- Planned audits of SAP Change Readiness, Insurance Arrangements and Major Projects – Firewatch and CRM were deferred to future years due primarily to changes in project timelines
- An additional review of Firewatch Application Controls was commissioned at the request of the Firewatch Project Board
- Information on the Internal Audit Service's performance compliance with the Public Sector Internal Audit Standards (PSIAS).

All key performance indicators for the Internal Audit Service have been met or exceeded during the year with the exception of the target to deliver 90% of the audit plan.

RECOMMENDATION

The Panel is recommended to:

- (i) note the Head of Internal Audit's opinion on the Fire Authority's internal control environment for 2021/22;
 - (ii) Note that the review of HR / Payroll will be reported in full to the next meeting of this Panel;
 - (iii) consider whether the Fire Authority's system for internal audit has proved effective during 2021/22
-

EAST SUSSEX FIRE & RESCUE SERVICE

INTERNAL AUDIT ANNUAL REPORT AND OPINION 2021-2022



1. Introduction

- 1.1 Orbis Internal Audit has provided the internal audit service to East Sussex Fire and Rescue Service (ESFRS) since 1 April 1997 and we are pleased to submit this annual report of our work for the year ended 31 March 2022. The purpose of this report is to give an opinion on the adequacy and effectiveness of the Fire Service's framework of internal control.

2. Internal Audit within East Sussex Fire & Rescue Service

- 2.1. On behalf of the Fire Service, it is a management responsibility to determine the extent of internal control in the Fire Service's systems, and it should not depend on internal audit as a substitute for effective controls.
- 2.2. The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.
- 2.3. Most of the work carried out by internal audit is in the form of risk-based audits which analyse and report upon the existence, operation, and effectiveness of internal controls within specified systems, both financial and otherwise. Where appropriate, all audit reports produced have included a management action plan where actions are agreed to enhance the level of control, together with an opinion on the systems reviewed.

3. Delivery of the Internal Audit Plan

- 3.1. In accordance with the 2021/22 annual audit plan, a programme of audits, based on an assessment of risk, was carried out across the Fire Service. As a result of internal resource pressures within the Fire Service and major projects both internally and at East Sussex County Council (see 'SAP Change Readiness' below), not progressing within timescales initially anticipated, several jobs from the audit plan were either postponed or cancelled in agreement with the Assistant Director, Resources and Treasurer and the Senior Leadership Team.
- 3.2. The following adjustments were made to the annual audit plan:
- SAP Change Readiness – this audit was to support/provide assurance to the Fire Service in relation to the project to change the Fire Service's Enterprise Resource Planning software (SAP); this project is being led by East Sussex County Council. This has been deferred to 2022/23 in line with the projects planned timescales.
 - Insurance Arrangements – this has been postponed due to delays in being able to recruit to the Risk & Insurance Officer post and a number of improvement actions within the Service that are currently underway.
 - Major Projects – FireWatch and CRM – this has been postponed due to delays in the project delivery and it was felt it would be better to review from a benefits realisation perspective once both projects are completed.

- FireWatch Application Control – this audit was added to the audit plan to provide assurance over the proposed changes to the FireWatch application as part of the wider FireWatch project.
 - Advice in relation to a whistleblowing complaint.
- 3.3. While the number of audits either postponed or cancelled resulted in a reduction of audit days provided from the originally agreed 2021/22 annual audit plan (79 days), we feel that the revised audit plan provided sufficient coverage to provide an opinion without any limitations.
- 3.4. The terms of reference, approach and audit objectives for each audit assignment have been discussed and agreed with the Assistant Director of Resources and Treasurer and other relevant senior officers, to whom internal audit reports are issued for consideration in the first instance, prior to wider consultation and consideration.

4. Audit Opinion

- 4.1. **No assurance can ever be absolute; however, based on the internal audit work completed, I can provide reasonable assurance¹ that East Sussex Fire & Rescue Service has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2021 to 31 March 2022.**

Russell Banks, Orbis Chief Internal Auditor

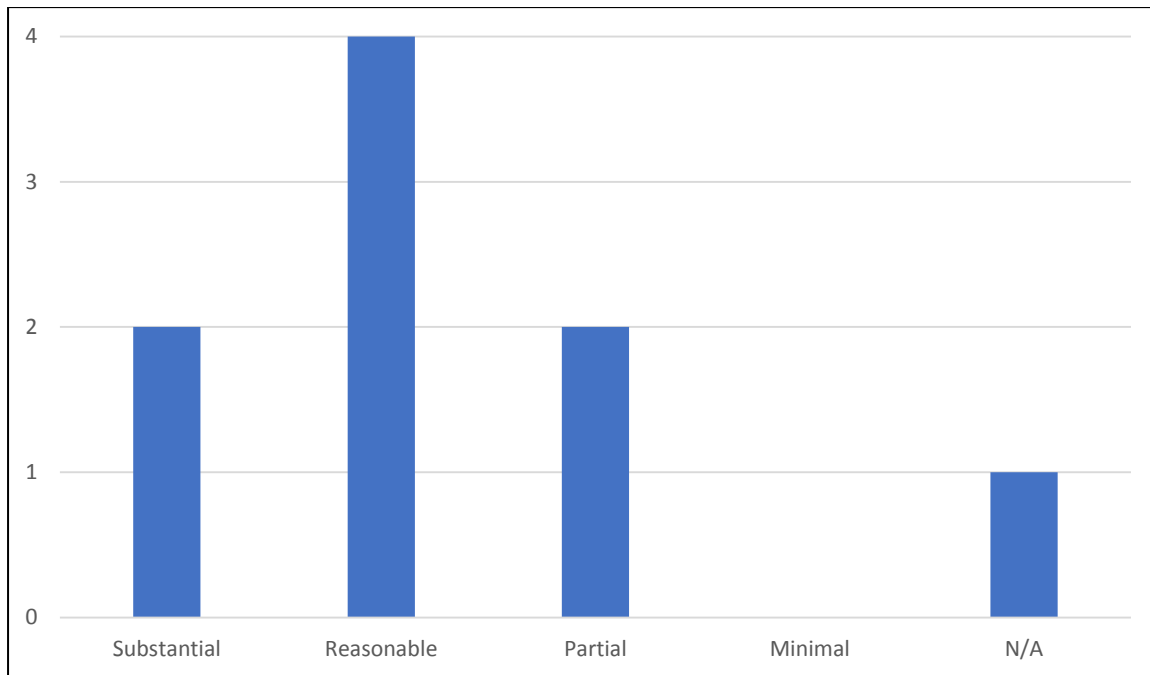
- 4.2. Where improvements to control or compliance are required, we are satisfied that appropriate action has been agreed by the relevant managers to ensure these improvements are made within reasonable timescales. The overall level of assurance given also takes into account:
- All audit work completed during 2021/22, planned and unplanned;
 - Management's response to audit findings;
 - Ongoing advice and liaison with management;
 - Effects of significant changes in the Fire Service's systems;
 - The extent of resources available to deliver the audit plan;
 - Quality of the internal audit service's performance.
- 4.3. While the full audit plan has not been completed, no limitations were placed on the scope of internal audit during 2021/22.

5. Summary of Work and Key Findings

- 5.1. The following chart provides a summary of the outcomes from all audits completed to draft report stage during 2021/22 with standard audit opinions (including key

¹ This opinion is based on the activities set out in paragraph 4.2. It is therefore important to emphasise that it is not possible or practicable to audit all activities of the Fire Service within a single year.

financial system work). An explanation of our assurance levels can be found in Appendix C below. Those audits in the below graph with the category 'N/A', apply to audit reviews where advice/assurance has been provided.



- 5.2. A summary of the main findings from completed reviews is included at Appendix A. Overall, the majority of audit opinions issued in the year were generally positive.
- 5.3. As per the above graph, there have been two partial assurance opinions issued during the year. These related to the audits of Surveillance Cameras and HR/Payroll. An action plan has been agreed for the former and is under discussion for the latter and we are satisfied that management are taking appropriate action to address the findings of these reviews. Follow-up audits will be undertaken in these areas during 2022/23 to assess the extent to which the agreed actions have been implemented.

6. Performance

- 6.1. It is the Fire Service's responsibility to maintain an effective internal audit service and the information set out below should provide a sufficient basis for making this determination.
- 6.2. Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2021/22, including the results of our most recent PSIAS independent external assessment, along with the year end results against our agreed targets.

PSIAS

6.3. The Standards cover the following aspects of internal audit, all of which were independently assessed during 2018 by the South West Audit Partnership (SWAP) and subject to a refreshed self-assessment in 2021:

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

6.4. The results of the SWAP review and our latest self-assessment found a high level of conformance with the Standards with only a small number of minor areas for improvement. Work has taken place to address these issues, none of which were considered significant, and these are subject to ongoing monitoring as part of our quality assurance and improvement plan.

Key Service Targets

6.5. Results against our previously agreed service targets are set out in Appendix B, with a high level of overall performance. Due to operational pressures at both East Sussex Fire & Rescue Service and East Sussex County Council, the target of 90% of the audit plan completed to draft report stage by 31 March 2022 was not achieved, with a figure of 83.3% being completed. However, all audits have now been completed to at least draft report stage.

SUMMARY OF INTERNAL AUDIT FINDINGS
For the period of 1 April 2021 to 31 March 2022

Reporting to Fire Service Management and the Scrutiny and Audit Panel

Where required, representatives from Internal Audit have attended Scrutiny and Audit Panel meetings and offered advice and assistance to management throughout the year. This includes regular liaison meetings with the Assistant Director of Resources and Treasurer and attendance at the Senior Leadership Team, along with the production of the annual report and opinion and annual strategy and audit plan for presentation to the Scrutiny and Audit Panel. Internal Audit has also met separately with the Chair of the Scrutiny and Audit Panel to discuss the Internal Audit Strategy and Plan.

Audit of Key Financial Systems

The Fire Service uses the main financial systems of East Sussex County Council. On a cyclical basis, we review the key controls within these systems as part of our programme of key financial system audits.

Accounts Receivable

The purpose of this audit was to provide assurance that controls are in place and operating effectively to ensure that:

- All income generating activities are identified and accurately raised to customers.
- A Customer account maintenance process is in place and operating effectively.
- Amendments to invoices are correct and authorised.
- Collection and debt recovery is managed efficiently and effectively, and resources are focused on areas of priority debt.
- Write-offs are processed accurately and correctly authorised.
- Payments are received and recorded against the correct debtor account in a timely manner.
- Reconciliations between the debtors system and the General Ledger are undertaken on a regular basis.

In completing our work, we were able to provide an opinion of **reasonable assurance** over the controls in place and no material processing errors were identified. We found that:

- The Accounts Receivable system was well controlled with invoices raised with a high-level of accuracy, and supported by adequate invoice requests;
- The creation and amendment of new customers is completed in line with the expected procedure, with segregation of duties enforced and appropriate approval controls in place; and
- The collection and recovery of debt is well managed. Suitable processes are in place to identify aged debts, with appropriate steps taken to recover overdue debts from customers.

In addition to the above areas of good practice, we found some opportunities to further improve the control environment, including that:

- A robust process is put in place to ensure that Finance are duly notified in the event that the Fire Service undertake a call in relation to a special service, to allow for an invoice to be raised; and
- An income collection manual note for the Fire Service is documented, which will provide guidance to officers in relation to financial procedures such as timeliness of invoices being raised, what constitutes proof of debt and payment methodologies (e.g. residual payments/instalments).

A formal action plan to address these areas was agreed with management.

HR/Payroll (currently at draft report)

The purpose of this audit was to provide assurance that controls are in place and operating effectively to ensure that:

- Starters are properly approved, and pay is calculated and paid from the correct dates;
- Leavers are removed from the Payroll in a timely manner and paid correctly and accurately to the correct dates;
- Permanent variations to pay (including additional availability allowances / additional responsibility allowances) are properly approved, calculated and paid from the correct dates;
- Pay runs and BACS transmissions are correct and authorised;
- Payroll data is regularly reconciled to the General Ledger;
- Reconciliations of salary payments take place to ensure that employees are paid correctly;
- Temporary payments (including additional hours, expense claims and payment to casual staff) are correctly authorised prior to processing;
- Changes to data, including those processed through personnel change forms, are reviewed, accurately input, coded and authorised; and
- Overpayments are identified and recovered in a timely manner.

Overall, we found several issues in relation to compliance with processes and were only able to provide an opinion of **partial assurance** as a result.

Areas where weaknesses have been identified included:

- New starter records have not been appropriately maintained with evidence found to highlight a lack of sufficient records for new starters right to work, as well fitness to work, not being recorded within personnel files.
- Evidence of new starters being set up incorrectly within the HR/Payroll system, with a start date input which preceded the actual start date for the employee. Rather than correcting the input errors, manual 'workarounds' were initiated which involved putting

the member of staff onto unpaid leave within the payroll system to prevent an overpayment.

- Further evidence of incorrect entries onto the payroll system were identified in relation to changes in pay and position. Temporary adjustments were being processed as permanent, which increases the risk of overpayments being made when the member of staff reverts to their substantive post.
- The process for monitoring and recovery of overpayments requires improvement. Differing records of the total value and number of overpayments are being reported by different teams within the Fire Service, thus reducing oversight and impacting the ability to ensure full recovery.

Despite the weaknesses identified, there were, however, several areas where evidence was seen of effective control, including:

- There are appropriate separation of duties in place during the recruitment and onboarding process, to reduce the risk of fraud or error.
- There is a clearly defined leavers' process in place, with a sample demonstrating that leavers are removed from the payroll in a timely manner following the end of their employment.
- There are appropriate processes in place for making changes to standing payroll data, with a secondary check and separation of duties in place.
- BACS transmissions are run correctly and authorised appropriately.

Actions to address all the issues raised are currently being agreed with management as part of a comprehensive management action plan. A formal follow-up review will take place as part of the 2022/23 audit plan to assess the extent to which the agreed actions have been implemented.

Management of Capital Programme (currently at draft report)

ESFRS operates a Medium-Term Financial Plan (MTFP) which outlines the strategy and expectations for a 5-year period. The capital programme represents anticipated capital financing requirements and expenditure over this period. The programme requires specific approval by the Fire Authority; in conjunction with the annual revenue budget, and it outlines the expenditure and the sources of funding. The ESFRS capital programme for 2019/20 to 2024/25 forecast a total of £29.163m capital investment, with £6.767m planned for 2021/22.

The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- The Capital programme, strategy and plan have been formally documented, approved by Members and meets the priorities of the Council.
- The capital programme is affordable and capital financing is compliant with the requirements of the Prudential Code (CIPFA 2017)

- The capital programme monitoring arrangements are effective and timely in delivering stated outcomes.
- All funding due from the 3rd parties and capital grant providers is drawn down in a timely manner and the conditions of the grant provider are met.
- Capital receipts are received in a timely manner
- Capital activity is accurately reflected in the financial accounts.

In completing our work, we were able to provide an opinion of **substantial assurance** over the controls in place. We found that:

- The capital programme has been documented by the service and approved by members as part of budget papers; a copy has also been made available externally on the service's website. This, alongside the governance arrangements observed, were found to fall in line with the CIPFA Prudential Code.
- Timely updates on the content and financial aspects of the capital programme are provided to the Senior Leadership Team (SLT) and Policy & Resources Committee, allowing it to be subject to regular monitoring and challenge. Individual projects are reviewed by the strategic change board, SLT (quarterly), Operations Committee, and Estates Strategy Delivery board.
- Funding of the projects within the capital programme is identified by management through the planning process for the capital programme and reviewed/approved by SLT where applicable. Ongoing funding is also monitored through the monitoring reports and the Fire Service's budget monitoring processes.
- Processes are in place to support expenditure and receipts being assigned correctly. A clear definition in the statement of accounts as to what can be considered capital expenditure/income that also states the de minimis level for capitalisation. Alongside this, specific capital project codes are used for capital related expenditure, with receipts assigned to an asset before settling in the capital reserve.

Some low risk issues were identified as part of this audit, with a formal action plan to address these currently in discussion with management.

Prevention & Protection Strategy

The ESFRS Prevention and Protection Strategy (2021-2026) seeks to address the improvements required as identified with Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection outcome report following the 2019 inspection. The strategy provides an approach and framework to Prevention and Protection and supports the Integrated Risk Management Plan (IRMP) with its action plans linked to the Corporate Plan. Through Prevention and Protection activities, ESFRS aim to identify the highest risk people and premises and provide an appropriate response to reduce the risk to employees and the community, to the lowest level practicable.

The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Performance against the Prevention & Protection Strategy is quantifiably measured to ensure success and progress is maintained in line with strategic plans;
- Resources are allocated effectively to ensure that the highest risk areas are targeted appropriately;
- Vulnerable residents are identified at the earliest opportunity to ensure that interventions can take place to mitigate fire risk; and
- All intervention is evaluated to ensure that effective application takes place in line with the Prevention & Protection Strategy.

Overall, we were able to provide an opinion of **reasonable assurance**. We found that:

- A comprehensive thematic Prevention & Protection action plan, broadly aligned to the strategy's themes, was in place. This action plan was subject to tracking and monitoring and captured progress on the implementation of the overarching strategy.
- The new Risk Based Inspection Programme (RBIP) provides a more sophisticated and nuanced approach which will help lead to additional high-risk premises being assessed and appropriate interventions undertaken.
- Positive outputs of the new strategy were already being realised. The protection led workstream aimed at reducing the frequency and impact of unnecessary emergency responses (strategic theme 5), through increased awareness and engagement with key responsible stakeholders within the commercial sector, has allowed for the new response plans to take effect from April 2022.

Some areas for improvement were, however, identified, including the need to ensure that:

- All themes within the new Prevention & Protection Strategy are included as part of action plans; and
- The initiatives library in use within the Fire Service for Prevention and Protection activities is better utilised to allow opportunity for resources to develop and evolve through the feedback process.

Where weaknesses have been identified, a formal action plan to address these areas was agreed with management.

Post-Brexit Supply Chain Management

The Brexit withdrawal agreement took effect on 31st January 2020 and provided a transition period until 31st December 2020, during which time the UK remained in the European Union (EU) single market. Following this transition period, it is important that organisations within the UK, including East Sussex Fire & Rescue Service, have robust supply chains in place in the event that they have been negatively impacted as a result of no longer being a member of the EU single market.

The purpose of this audit was to provide assurance that the Fire Service had 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 Fire Service's resilience planning in the event a supply chain was to fail.

Overall, we were able to provide an opinion of **substantial assurance**. We found that:

- Appropriate processes are in place to ensure that procurement exercises have complied with relevant strategies and policies prior to their let. Evaluation exercises take place, which document the steps taken throughout the tender, any relevant decisions made and how they have complied with relevant procurement legislation, including EU/Post-Brexit requirements.
- Regular analysis of key commodities and suppliers have been taking place in the lead up to, and following, the post-Brexit transition period. This analysis has considered the overall resilience of the Fire Service, as well the potential impact from financial and business as usual perspectives. Procurement have been able to develop this analysis through a combination of consulting and involving key commodity leads and regular monitoring of market intelligence.
- Suitable business continuity arrangements are in place to mitigate the effects of a supply chain failure. The Procurement business continuity plan identifies a loss of a key supplier or service as one of the key risks for delivery and documents the necessary actions that would need to be taken in the event of a supply chain failure. In practice, Procurement and commodity leads have already enacted some mitigations to reduce the overall risk to the organisation, including a move away from a 'just in time' approach and, instead, looking to continually maintain suitable stock levels of key commodities.

Customer Service Management

This review looked to assess the current arrangements in place over the customer service management process, including the handling of feedback, comments, suggestions, and complaints from a number of sources, such as post-fire reviews, business and home fire safety interactions, educational visits and social media interactions. In relation to the handling of complaints, we aimed to provide assurance over the controls in place to ensure complaints are dealt with in a timely manner and that relevant data is recorded and used for monitoring and performance improvement purposes. This included providing assurance that controls are in place to meet the following objectives:

- Comments, complaints and feedback are handled by an appropriate, independent, officer, reducing the risk of actual or perceived conflicts of interest materialising.
- The service responds to complaints within the pre-defined timescales, reducing the risk of further complaints or the involvement of the Local Government Ombudsman.
- There are sufficient processes in place to solicit, capture, record and report upon feedback and comments, enabling the Service to learn and improve its service and avoid repeating mistakes.
- Officers comply with appropriate legislation and organisational policy in relation to complaints and feedback, thus reducing the risk of unsuitable outcomes, reputational damage and regulatory fines.

In providing an opinion of **reasonable assurance**, we found that there are robust processes in place to collect feedback, including post incident surveys sent to selected members of the public following an incident attended by the Fire Service. There are appropriate governance arrangements with a single officer accountable for complaints and feedback within the service to provide oversight. Information in relation to feedback and complaints is easily accessible for members of the public, with a number of channels available including email, writing and telephone in order to share their views with the service or make a complaint.

In addition to the above areas of good practice, however, we identified some areas where controls could be further improved. In particular, through ensuring that:

- Training for officers with an involvement in the complaint investigation is refreshed, due to not being provided recently and potentially not reflecting current best practice. In addition to this, the Complaints Handling Manual Note is outdated, reducing its accuracy as a reference document during investigations.
- Processes are put in place to safeguard against potential conflicts of interest within the complaints handling process.

Actions to address all of the issues raised have been agreed with management as part of a comprehensive management action plan.

Surveillance Cameras

The Protection of Freedoms Act 2012 (PoFA) introduced the regulation of public space surveillance cameras in England and Wales. As a result, a surveillance camera code of practice (SC Code) was issued by the Secretary of State through the Surveillance Camera Commissioner (now referred to as the Biometrics and Surveillance Camera Commissioner) to ensure that the use of cameras in public places is regulated and only used in pursuit of a specified purpose. Whilst the PoFA and SC Code are not specifically targeted at Fire and Rescue Services (rather, local authorities and the police are the focus), the code acknowledges that “many surveillance camera systems are operated by...other public authorities”, which are encouraged to adopt the code voluntarily. Therefore, the SC Code was used as an example of best practice for the purposes of this audit.

The objective of this audit was to review the effectiveness of the controls 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. This was achieved through providing assurance that controls are in place to meet the following objectives:

- Deployment of surveillance camera systems in public spaces is effective, proportionate and transparent.
- The use of new and existing surveillance camera systems, and the handling and storage of any resulting data or images, complies with the Surveillance Camera Commissioner’s code of practice and meets the requirements of the Authority’s insurers.
- Personal information captured from surveillance camera systems is managed in accordance with the requirements of GDPR and the Data Protection Act.

Overall, we found a number of control weaknesses and were only able to provide an opinion of **partial assurance** as a result.

The governance arrangements surrounding surveillance cameras were found to be weak. There was no nominated single point of contact in relation to surveillance cameras, with responsibility being divided across service areas such as Engineering and Estates. Additionally, these roles and responsibilities were not formalised, with no policies or procedures currently in place around surveillance cameras.

This lack of policies and procedures also meant that there is no documentation covering important information such as retention periods of images and third-party access to images, to help ensure these are approached consistently and in line with the SC Code.

Statements (as required by the SC Code) in relation to the need for surveillance camera systems were found to be poor. In some instances, no such documentation (such as a Data Privacy Impact Assessment) setting out the objective of the system and legal bases for its deployment, was found. In other cases, documentation was outdated or incomplete. It was also noted that on vehicles with cameras, and at some buildings, no signage was present to advise individuals that CCTV is in place. Without this, individuals may not be aware they are being monitored, and cannot consent to this due to lack of transparency. Additionally, whilst a privacy policy is available to the public on the ESFRS website, this makes only brief reference to surveillance camera images, without in-depth information as to how these are used.

Over the course of this audit positive steps were taken towards implementing records of camera systems and individual cameras, with the development of records for both those on buildings and vehicles. This allows for easier facilitation of reviews of cameras and compliance with the Surveillance Camera Code of Practice going forward.

Actions to address all of the issues raised have been agreed with management as part of a comprehensive management action plan. A formal follow-up review will take place as part of the 2022/23 audit plan to assess the extent to which the agreed actions have been implemented.

FireWatch – Application Control

FireWatch is a human resources Enterprise Resource Planning (ERP) system designed to support resource planning, response and prevention. It can also be utilised to manage assets and fleet and crucially is interfaced with the Capita Vision mobilising system. The Service began a phased implementation of FireWatch in 2012/13 and is currently in the process of implementing the self-service module and has also recently gone live with the Retained Pay Module.

The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- System access is restricted to appropriately authorised individuals and the permissions provided to those users are in line with job functions.
- Data processed through interfaces is authorised, accurate, complete, securely processed and written to the appropriate file.
- Outputs produced by the system are complete, accurate, reliable, distributed on time and with confidentiality where appropriate.
- System updates and enhancements are performed in a consistent manner and subject to sufficient testing and authorisation before implementation.
- Appropriate support arrangements are in place to manage changes within the system.

In providing an opinion of **reasonable assurance**, we found that permissions within the system are assigned to users based upon Security Groups linked to their role within the Fire Service; where users would require additional permissions, over and above what would typically be needed, processes would deem that this request is subject to review and approval by the System Administrator. There are robust controls in place for changes made to the system; system developments were found to be subject to appropriate approval and sign-off, with the System Administrator being responsible for making the changes to the system. Suitable processes are in place for implementing system updates. The implementation is managed by the Fire Service's IT partner, Telent, with any testing of updates/patches handled by ESFRS.

In addition to the above areas of good practice, however, we identified some areas where controls could be further improved. In particular, through ensuring that:

- The System Administrator role within the system is developed to allow additional users access to the role in order to prevent a single point of failure, given that FireWatch is a 'mission critical' system; and
- Further strengthening access controls to the FireWatch system as part of system development roadmap.

Actions to address all of the issues raised have been agreed with management as part of a comprehensive management action plan.

Counter Fraud Training

In order to support the overall control environment, we delivered two separate sessions on Fraud Awareness to around 100 officers across the Fire Service.

The bespoke training sessions covered officers understanding of fraud, their role in both preventing and detecting fraud, accompanied by real-life case studies, and how fraud can be reported. Both interactive sessions were well attended and received positive feedback from those officers in attendance.

SUMMARY OF PERFORMANCE INDICATORS FOR 2021/22

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Scrutiny and Audit Panel	June	G	2021/22 Annual Audit Plan approved by Scrutiny and Audit Panel on 29 April 2021
	Annual Audit Report and Opinion	July	G	2020/21 Annual Report and Opinion approved by Scrutiny and Audit Panel on 22 July 2021
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit plan – completion to draft report stage by 31 March 2022	90%	A	83.3% of revised plan to draft report stage
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	Highest available level of conformance confirmed through independent external assessment
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcomes and degree of influence	Agreement to audit findings	95%	G	100%
Our staff	Professional Qualified/Accredited	80%	G	91%

Internal Audit Assurance Levels:

Substantial Assurance: Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Reasonable Assurance: Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Partial Assurance: There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.

Minimal Assurance: Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

EAST SUSSEX FIRE AUTHORITY

Panel: Scrutiny & Audit

Date 21 July 2022

Title of Report Corporate Risk Register Review Quarter 1 2022-23

By Duncan Savage, Assistant Director Resources/Treasurer

Lead Officer *Alison Avery, Finance Manager*

Background Papers Corporate Risk Register Review Q4 2021-22 – Scrutiny & Audit Panel 12 May 2022

Appendices Appendix 1 - RAID Log Scoring Matrix
Appendix 2 - Corporate Risk Register - Quarter 1

Implications

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

PURPOSE OF REPORT To report and review the Corporate Risk Register Quarter 1

EXECUTIVE SUMMARY This report discusses the first quarter position for 2022-23. It details the corporate risks identified and how they have or are being mitigated.

CR13 Financial & Operational Impacts of the UK's exit from the EU has been revised and is re-named ***Financial & operational impacts of global supply chain disruption*** (as proposed at Scrutiny & Audit Panel in May) – the risk score has been revised upwards to 9 (moderate - amber).

CR17 – Firefighter Pension Scheme – financial, legal, reputational and operational impacts resulting from McCloud / Sargeant case – this new risk separates out

elements of CR4. It is proposed that this is scored at 12 (substantial - red).

CR6 - Failure to manage the effects and impacts of a major loss of staff event, including through industrial action. This risk was reviewed by SLT in the light of both sector pay negotiations and the wider national industrial relations landscape. It was agreed not to change the current risk scoring but to keep the risk under review as the national situation develops

CR10 - Security and safety of staff and visitors on ESFRS sites – In the light of progress made in improving security arrangements at STC and the approval of the business case and funding for investment in new Live Fire Training Units with clean burn technology, this risk has been reviewed and renamed ***Risk of loss of live fire burning at Service Training Centre.***

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 (amendments since the last report are highlighted in italics).

RECOMMENDATION

The Panel is recommended to:

- a) Agree the Q1 Corporate Risk Register including changes made since Q4; and
 - b) Identify any further information or assurance required from Risk Owners.
-

1. **INTRODUCTION**

- 1.1 This report brings the first quarter for 2022- 23 Corporate Risk Register update for review and consideration by Scrutiny & Audit Panel.
- 1.2 The Corporate Risk Register is considered on a quarterly basis by Assurance, Performance & Governance Group and SLT and reported thereafter to Scrutiny and Audit Panel.

2. **UPDATES**

- 2.1 Risk owners have updated their risks for appropriate changes and these are highlighted in italics in Appendix 2. These include changes in causes; mitigations; actions and review dates.
- 2.2 ***CR13 Financial & Operational Impacts of the UK's exit from the EU*** has been revised and is re-named ***Financial & operational impacts of global supply chain disruption*** (as proposed at S&A Panel in May) – the risk score has been revised upwards to 9 (moderate - amber).
- 2.3 ***CR17 – Firefighter Pension Scheme – financial, legal, reputational and operational impacts resulting from McCloud / Sargeant case*** – this new risk separates out elements of CR4 as proposed at S&A Panel in May. It is proposed that this is scored at 12 (substantial - red).
- 2.4 ***CR6 - Failure to manage the effects and impacts of a major loss of staff event, including through industrial action.*** It is recommended that the risk score (currently 9 moderate) is reviewed in the light of both sector pay negotiations and the wider national industrial relations landscape.
- 2.5 ***CR10 - Security and safety of staff and visitors on ESFRS sites*** – It is recommended that the risk score (currently 9 moderate) is reviewed in the light of progress made in improving security arrangements at STC and the approval of the business case and funding for investment in new Live Fire Training Units with clean burn technology.

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CORPORATE RISK

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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Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

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 	<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 (improved H&S compliance cross Estates maintained) 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 Business Partner structure has been recruited and is operational although temporarily restricted due to staff absence Developed a H&S legal register and in use 	Impact = 4 Likelihood = 2 Score = 8 Moderate	<ul style="list-style-type: none"> Health and Safety (H&S) policy framework review including the implementation of a new H&S management system planned for implementation but delayed due to staff absence Implement the 2nd year of the 3-year action plan drawn together following the Regional H&S audit undertaken in July 2019 Development and implementation of a suite of Health & Safety standards will support compliance with H & S Management system 	September 2022	AD People Services

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
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"> 2022/23 budget agreed Medium Term Finance Plan (MTFP) refreshed to 2026/27 Efficiency Strategy agreed and areas of focus being progressed Business Rates Pool extended for 2022/23 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 Phase 1 of review of Estates Capital Programme completed Grant spend monitored monthly against 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 sustainability of capital programme Phase 2 commenced Monitor implications of supply chain disruption on revenue and capital budgets Explore options for fire sector finance benchmarking and cost driver review with NFCC FCC / FFN Continue to monitor financial and legal implications of Immediate Detriment Framework Monitor impacts of inflation and pay claims on revenue budget SLT workshop July to review MTFP assumptions and identify savings / efficiencies for 23/24 onwards 	Sept 2022	AD Resources / Treasurer

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR3	Ability to meet developing legislative requirements evolving from central fire safety regulatory reviews	<ul style="list-style-type: none"> Policy or legislative changes that are likely to arise from reviews and investigations Unknown burdens on service delivery Likely increased funding required Knowledge and 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 LFB secondment for 9 months to gain an additional external assessment of preparation for compliance against both building and fire safety bills (now complete). Delivery Board in place to oversee assimilation of new protection bills and related acts Prevention and Protection Strategy 2021-2026 approved by CFA CRM SSRI live and being used. This enables 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. Grant spending plan in place for Protection grants Building Risk Review completed within deadline 	Impact = 2 Likelihood = 3 Score = 6 Moderate	<ul style="list-style-type: none"> 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 Monitor resource impacts of ongoing workload from Building Risk Review Respond to fire safety consultation Seeking regional alignment through regional board on key matters initially such as legal/prosecutions, engineering, consultations and RBIP (Risk based inspection programme). 	September 2022	AD Safer Communities
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"> Market supplement process for professional service jobs agreed by SLT. 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 Access professional legal advice where necessary FPS administration successfully transitioned to WYPF wef 1 April 2020 Strategic Workforce Plan was signed off at Dec SLT 	Impact = 2 Likelihood = 4 Score = 8 Moderate	<ul style="list-style-type: none"> Embed and reinforce workforce plan. Market Supplementary Policy has been written and is part of a number of manuals that have been through consultation with a few minor amendments being made. To re-engineer the recruitment and selection processes for professional services To review salary structure with Hay (2022/23) 	September 2022	AD People Services

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR6	Failure to manage the effects and impacts of a major loss of staff event, including through industrial action	<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 IRMP Implementation team and governance in place Internal and partner (SRF) governance arrangements in place to manage Covid-19 impacts 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 	Impact = 3 Likelihood = 3 Score = 9 Moderate	<ul style="list-style-type: none"> 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. Resilience group to undertake annual review of response to strike action through resilience group. <i>Review to be complete by June. Action plan being worked on with two remaining important areas requiring resolution to ensure appropriate contingency.</i> 	September 2022	ACFO

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
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 Increased national and international cyber-security challenges, increasing the volume of attacks. International geo-political position changing the cyber-attack-vectors. 	<ul style="list-style-type: none"> Telent to progress IT Risk Treatment Plans Annual IT Health Checks now scheduled, latest undertaken in August 2021 Information Security Management Forum meeting on a regular basis Information Security e-learning in place with mandatory annual re-test Annual review of ISO27001 gap analysis Information Security Management System in place New suite of Information Security policies in place Annual IT Health Checks implemented along with associated Telent mitigation plans Information Security Project now complete and closed down <i>Information Security Management Forum now in place, Chaired by DCFO (SIRO)</i> 	Impact = 4 Likelihood = 2 Score = 8 Moderate	<ul style="list-style-type: none"> Telent (working with Aristi) progressing risk treatment plans following scheduled IT Health Checks. <i>Next annual ITHC scheduled for July 2022.</i> <i>ESFC IT Health Check risks successfully remediated following completion of ESFC decommissioning at the end of March 2022</i> Progress towards ESFRS achieving Cyber Essentials Plus accreditation in 2022, in line with NFCC IT Managers' agreed FRS cyber accreditation standard. <i>Cyber Essentials Plus Pre-assessment completed in May 2022, will define remediation plan/deliverables to achieve accreditation</i> <i>Planning underway for a Ransomware Desktop BCP Exercise in 2023</i> 	September 2022	DCFO

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
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 PMO quarterly drop in sessions in place ESFRS closed projects portfolio 2020/21 - April 2020 to March 2021 reported to SLT. Since the PMO established and rolled out its processes and its projects framework, that there has been an increase in projects closure. This is a sign of evolving maturity and allows for benefits realisation of projects. Including more transparency and rigor around project management that allows for better monitoring and reporting. 	Impact = 3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> Implement remaining agreed actions from Internal Audit Report (reasonable assurance opinion) <i>Report to July SLT setting out proposed way forward for PMO including recruitment to permanent and temporary vacancies</i> 	September 2022	AD Planning & Improvement
CR9	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 Areas of focus for 2021/22 agreed with 4F collaboration leads Regular review of collaborative activities through SLT and Scrutiny and Audit Panel 	Impact = 3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> Full update report to SLT and the CFA to concentrate on efficiencies Occupational Health Collaboration Contract reviewed for renewal. Considering 5yr commitment with an SLT report being written for May 2022. Further updates on OH collaboration benefits and focus for the future being presented to P&R Panel in July 	September 2022	AD People Services

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR10	Risk of loss of live fire burning at Service Training Centre.	<ul style="list-style-type: none"> Service Delivery: Unable to deliver training and requalify personnel. 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. Independent Air Quality Testing Report Project long term review of live fire training facilities Initial phase of security improvements at STC completed Feasibility study for enhancements to training facilities including a burn strategy approved at Change Board in Oct 2020 FBC for Live Fire Training approved and additional funding agreed in Capital Asset Strategy in Feb 2022 	Impact =3 Likelihood = 3 Score = 9 Moderate	<ul style="list-style-type: none"> New Security Strategy will be considered by Estates Strategy Delivery Board in June 2022 Project delivery of Live Fire Training Unit at service training centre with project timeline of delivery of 2024/25 which will incorporate a clean burn. 	September 2022	AD People Services
CR11	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"> UKHSA 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 Premises risk assessments for covid safe premises in place Weekly monitoring of Sussex health system and Covid data via Sussex Monitoring Group via SRF 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 Balance of Covid-19 grant held to cover 2021/22 costs Return to workplace protocols and expectations communicated by SLT EMT / CWG now stood down in line with government roadmap and SRF step-down 	Impact =3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> Review of longer term impacts of mental health and well-being Review of workplace risk assessments to be undertaken once situation stabilises Initial organisational debrief and evaluation of response to take place 	September 2022	DCFO

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR12	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 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 Bid for additional funding for expected pressures from Ill Health Retirements in budget proposals agreed by SLT Dec 2021 Manual handling instructor capacity has been increased with newly developed manual handling training currently being delivered 	Impact =3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> L2 accident investigation to all manual handling injuries to ascertain underlying causes Provision of additional manual handling equipment and training Bespoke work within the HS&W team has resulted in a much better understanding of the causes of manual handling injuries which was presented to HS&WC in May. There has been a reduction in the number of reported incidents and the KPI was green for the first time. This will continue to be monitored. 	September 2022	AD People Services
CR13	Financial & operational impacts of global supply chain disruption	<ul style="list-style-type: none"> Macro-economic impact on funding and costs (inflation) Supply chain problems UK withdrawal from EU Ongoing global impact of Covid-19 pandemic Impact of conflict in Ukraine 	<ul style="list-style-type: none"> Existing Business Continuity plans have been reviewed Linking with work being carried out nationally through NFCC On-going monitoring of supply chain / procurement issues and related financial / operational impacts in place (internal audit substantial assurance opinion) Additional provision in 2022/23 budget for inflation in utilities, catering and timber supply Corporate contingency and General Balances available to mitigate in year financial impacts Gold Group in place for Ukraine conflict 	Impact = 3 Likelihood = 3 Score = 9 Moderate	<ul style="list-style-type: none"> monitoring of revenue budget and assessment of potential inflation risks Monitoring of capital programme delivery and both cost inflation and potential slippage and resulting impact on service delivery and other key projects e.g. IRMP 	September 2022	DCFO

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR14	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"> Log of all outstanding actions from H&S Investigations provided to ADs so they can provide updated position on implementation Assistant Directors receive a quarterly report from the H&S team with outstanding actions All outcomes to be discussed at DMTs As at 20/06/2022 61% (137/225) of outstanding actions identified now completed, 76 have an action plan and 12 are in progress. Regular weekly reports provided by HMI officer to Assistant Directors of actions taken to clear historical actions backlog (in mitigations) and actions CAMMS has been updated with details of the responsible officers for actions and identify priority. Regular reports obtained from CAMMS to monitor progress All outstanding actions are being reviewed for continued appropriateness/duplication and are being cleared/closed as and when required, along with clearly documented evidence for closure. Additional Resource allocated to assist in documenting actions and closures - GM lead allocated 	<p>Impact = 4 Likelihood = 2</p> <p>Score = 8 Moderate</p>	<ul style="list-style-type: none"> 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 Remaining actions added to CAMMS so monitoring be undertaken on progress on a monthly basis. HMI Seconded officer to have oversight of progress HMI officer producing weekly reports of actions taken to clear historical backlog Regular reports from CAMMS to monitor progress Continue to review outstanding actions for duplication/appropriateness and to close where appropriate. Regular meetings to be held with responsible officers and H & S with on-going support provided by SM Channon to resolve and close outstanding 88 actions of which 12 are in progress Workshop completed with AD's and H&S team. Local managers are working to complete the actions. Evidence being cross referenced through HS&W team. 137 actions now completed 	September 2022	AD People Services

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR15	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) 	September 2022	AD Safer Communities
CR16	Grenfell Tower Public Inquiry – Non-compliance with Phase 1 recommendations	<ul style="list-style-type: none"> Non-compliance with recommendations arising from the Grenfell Tower Inquiry Phase 1 (2019). Failure to deliver improvements in call handling & operational response for high rise buildings with ACM cladding Insufficient resources allocated to GT1 activity 	<ul style="list-style-type: none"> A detailed gap analysis has been carried out between current positions against the 46 formal recommendations that has resulted in a detailed and defined improvement plan. ESFRS has established suitable and sufficient governance and project management processes to oversee progress against the plan including a prioritisation and tracking system. All details of delivered actions and planned activities yet to be delivered are monitored from a specific intranet page that also includes a live copy of the improvement plan. Agreement to utilise existing IRMP funding in 2021/22 to fund a project manager for both IRMP and GT1 – sufficient resources in place to deliver very high and high rated priorities by 31.09.2022 – this includes a Project Manager resource and a training resource BRR completed by 31.03.2022 	Impact = 4 Likelihood = 2 Score = 8 Moderate	<ul style="list-style-type: none"> Gap analysis required to identify any further weaknesses requiring action Address remaining 33 medium and low rated priorities through BAU activities by building into normal business plans Identify and secure sufficient management support and resources (people, time, money) to enable the delivery of the actions identified and subsequent assurances that improvements are embedded across ESFRS Fire safety training to all frontline crews bring rolled out 	September 2022	AD Operational Support & Resilience

Appendix 2 – Corporate Risk Register updated for Quarter 1 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR17	Firefighter Pension Scheme – financial, legal, reputational and operational impacts resulting from McCloud / Sargeant case	<ul style="list-style-type: none"> • Outcome of McCloud / Sargeant legal case • Delay to implementation of Remedy until October 2023 • Withdrawal of Home Office informal guidance on Immediate Detriment • Uncertainty regarding tax and other risks for both the Authority and Scheme members • Difficulties in predicting retirement profile and recruitment requirements • Loss of specialist skills / large number of experienced operational staff in short period • Threat of legal action by FBU on behalf of affected members. 	<ul style="list-style-type: none"> • Close engagement between pension, finance and legal teams and Local Government Association, Scheme Advisory Board, National Fire Chiefs Council Pension Lead, West Yorkshire Pension Fund (FPS scheme administrators), Fire Finance Network, Home Office and tax advisers to ensure Authority is aware of latest developments and any changes in the Immediate Detriment Framework (IDF) and its supporting technical guidance • Regular reports to Fire Authority / Panels / Pension Board • Decision by P&R Panel to pause processing both Category 1 and Category 2 cases under the IDF • Additional revenue funding agreed to support additional resources within the Payroll & Pensions team • Pensions Administration Reserve established to hold funds to offset costs arising • Communications issued to all those affected • Retirement profiles and recruitment decisions reviewed through Workforce Planning Group 	Impact = 4 Likelihood = 3 Score = 12 Substantial	<ul style="list-style-type: none"> • Seek advice from tax advisers on potential liabilities resulting from cases already processed under IDF • Monitor new legal claims issued by FBU / scheme members • Recruit additional funded support post in Payroll & Pensions team • Monitor potential changes to IDF and technical guidance • Seek advice from HO Pensions team on forecasting for statutory pension returns • Review retirement profile, assess requirement for third tranche of wholetime Firefighter trainees and budget pressures resulting from existing trainees remaining supernumerary • Monitor financial impact 	September 2022	AD People Services

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EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny and Audit Panel
Date	21 July 2022
Title of Report	2020/21 Service Benchmarking Report
By	Liz Ridley, Assistant Director Planning & Improvement
Lead Officers	Sharon Milner, Planning & Intelligence Manager Marcus Whiting, Planning & intelligence Analyst

Background Papers	<p>Employee comparisons from the 'Fire and rescue workforce and pensions statistics: England, April 2020 to March 2021'</p> <p>Station and appliance comparisons from the 'CIPFA annual statistics for 2020-21'</p> <p>Health and Safety comparisons from the 'Fire and rescue workforce and pensions statistics: England, April 2020 to March 2021'</p> <p>Incident comparisons from the 'Home Office Incident Recording System, Fire Statistics: England April 2020 to March 2021' and the 'Fire Incident Response Times: England, for 2020-21'</p> <p>Sickness comparisons for the FG2 from the 'National Fire & Rescue Service Occupational Health Performance Report April 2020 – March 2021'</p> <p>Prevention and protection comparisons from 'Fire prevention & protection statistics, England, April 2020 to March 2021'</p>
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Appendices	Appendix 1 East Sussex Fire & Rescue Service Benchmarking Report 2020/21
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Implications

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

PURPOSE OF REPORT	To present the Fire Statistics for 2020/21 and comparative benchmarking of East Sussex Fire & Rescue Service against its family group in order to
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provide context to support the Authority's future decision making.

EXECUTIVE SUMMARY

This report serves as an illustrative benchmark of East Sussex Fire and Rescue Service performance against other fire and rescue service performance. Appendix 1 provides a more in depth comparison against the twelve fire and rescue services that make up Family Group 2. These are Services deemed to be of similar size in terms of area and population.

The report brings together a wide range of information about how East Sussex Fire & Rescue Service compares in delivering its services to local communities, including the cost of service provision, current performance measures, as well as organisational resourcing.

Benchmarking performance enables the Service to make decisions based on the results and provides a spotlight to managers for further investigation. Results of previous year's benchmarking exercises has enabled the Service to prioritise a number of areas where concentrated effort has borne positive results in the 2020/21 year-end figures.

The Panel is asked to note that the report contains information as at the 31 March 2021 as the national statistics are compiled in arrears.

RECOMMENDATION

The Panel is asked to:

1. Consider the results of the report in relation to its future plans, ensuring that action is taken in order to address any areas of concern.
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1. INTRODUCTION

- 1.1 This report aims to provide the Panel with a summary of the performance across the fire and rescue service sector. The national context with key findings from the Fire & Rescue Incident Statistics, is summarised first; followed by the Service's annual benchmarking report that compares ESFRS against the twelve fire and rescue services that make up Family Group 2. These are Services deemed to be of similar size in terms of area and population.
- 1.2 Appendix 1 provides comparator information across Family Group 2, focussing on the following areas:
- Employee comparisons from the 'Fire and rescue workforce and pensions statistics: England, April 2020 to March 2021'
 - Station and appliance comparisons from the 'CIPFA annual statistics for 2020-21'
 - Health and Safety comparisons from the 'Fire and rescue workforce and pensions statistics: England, April 2020 to March 2021'
 - Incident comparisons from the 'Home Office Incident Recording System, Fire Statistics: England April 2020 to March 2021' and the 'Fire Incident Response Times: England, for 2020-21'
 - Sickness comparisons for the FG2 from the 'National Fire & Rescue Service Occupational Health Performance Report April 2020 – March 2021'
- 1.3 The main purposes of the benchmarking report is to help us understand why we are achieving our performance levels, where our performance varies and help to investigate why variations may occur. This also provides us with an opportunity to see where other services are achieving better results than us and have conversations with them about any learnings and good practice that can be shared to improve our own situation. The results of previous benchmarking reports has enabled the Service to prioritise a number of areas where concentrated effort has borne positive results in the 2020/21 year-end figures.

2 NATIONAL PERFORMANCE SUMMARY

2.1 Fire & Rescue Incident Statistics

There was a 2% decrease in the number of fires that FRS attended in 2020/21 against 2019/20. FRS attended 11% less AFA calls in 2020/21 when compared with the previous year. Additional research undertaken by the Home Office suggests that these reductions tended to fall over the periods of national lockdown imposed during the COVID-19 pandemic. There was an 8% decrease in attendances at medical incidents and an 8% increase in all other special service incident types.

2.2 Fire & Rescue workforce and pensions statistics

Total workforce and leavers

The number of FTE staff employed by FRS at 31st March 2021 is similar to the previous year (40,029 in 2020/21 and 40,149 in 2019/20). Around 8% of the headcount left FRS in 2020/21 35% of this was due to normal or early retirement.

Workforce diversity

Women now make up 7.5% of all firefighters. 4.7% of firefighters were from an ethnic minority and 3.4% were lesbian/gay.

Firefighter health and safety

There were 12% fewer firefighter injuries in 2020/21 against the previous year and one firefighter fatality during a training activity.

Firefighter pensions

Firefighters' Pension Scheme expenditure in 2020/21 was around £902 million, a less than one percent decrease compared with the previous year.

2.3 Fire prevention and protection statistics

Fire prevention

In 2020/21, FRS and their partners completed 169,554 face to face HFSCs and a further 90,114 virtual HFSCs. This number was hugely impacted by the COVID-19 pandemic, in 2019/20 FRS and their partners completed 588,666.

Fire protection:

In 2020/21 FRS carried out 34,423 Fire Safety Audits down from 48,414 previous year. This has also been really impacted by the COVID-19 pandemic. These audits were carried out in two per cent of premises known to FRS.

2.4 Fire & Rescue service Sickness statistics

The total shifts lost per member of staff for all staff groups equates to 7.64 shifts per member of staff (9.35 shifts lost in the previous year). This is compiled on information from 39 FRS.

3. CURRENT POSITION FOR ESFRS

3.1 The key areas of 2020/21 performance in *Operational Statistics* identified above for ESFRS are as follows:

- There were two fire fatalities in 2020/21, one fewer than in 2019/20, both of these were in accidental dwelling fire.
- ESFRS attended 996 primary fires in 2020/21, a decrease of 4.4% on the previous year but a 37.0% reduction since 2010/11. The national trend was a 10% decrease.
- In 2020/21, ESFRS attended 4,467 false alarms a decrease of 4.6% from the 4,683 false alarms recorded in 2019/20.
- ESFRS attended 3,103 non-fire incidents in 2020/21, 13.3% lower in 2019/20.
- The most common types of non-fire incidents attended by ESFRS were Assist other agencies (26%) effecting entry (18%), flooding (12%), road traffic collisions (11%) and lift release (8%).
- Financial comparisons - ESFRS has the third highest cost per Council Tax Band D against FG2.
- In 2020/21 ESFRS reported 6.8 shifts lost per person for WT and 6.5 for Control staff and 6.2 for support staff.

3.2 The main purposes of the benchmarking report is to help us understand why we are achieving our performance levels, where our performance varies and help to investigate why variations may occur.

4. OUTCOMES FROM PREVIOUS BENCHMARKING EXERCISES

4.1 This report provides the Service with an opportunity to consider its performance against those of its Peers. Over recent years this report has enabled the Service to

focus on a number of areas where its performance is consistently in the bottom quartile.

4.2 Accidental dwelling fires

4.2.1 The accidental dwelling fire working group continues to meet on a monthly basis. This group includes representation from operational personnel across the service area, The community safety team, the communications and marketing team and the planning and intelligence team. Together they monitor any trends in increases of ADFs in specific areas to try and identify any underlying reasons. Throughout the year there have been a number of social media campaigns and promotions on a number of key safety messages as well as highlighting specific incident types as they occurred. For example the following link is providing an update to what happened at a fire in Eastbourne and includes some safety information concerning being careful with candles <https://www.esfrs.org/news/2021-news/candle-warning-after-fire-in-eastbourne/>

4.2.2 ESFRS attended the least number of accidental dwelling fires ever reported in 2020/21, (443), a further 2% reduction on the 2019/20 result. However ESFRS still attends more accidental dwelling fires per 1,000 population than any other member of FG2.

4.2.3 ESFRS undertook 7,178 Home Fire Safety Visits between 1st April and 31st March 2020/21. Due to the COVID-19 pandemic all of these calls were done over the telephone.

4.3 Sickness absence

4.3.1 Sickness still remains an area where we are high in comparison to our family group. We had the highest level of sickness for WT and Control staff in FG2 for 2020/21 with 7.04 days lost per employee (previously 10.77), which is above the 2020/21 average of 6.89. However, five FRS from FG2 did not provide data in 2020/21. ESFRS support staff had the 3rd highest level of sickness (from the 11 FRS that provided data) in FG2 with 5.56 days lost to sickness per employee. This figure is above the 2020/21 average of 4.82.

4.4 The number of high risk inspections

4.4.1 This was introduced as a new priority area in 2017/18 and critically important following the Grenfell Tower fire on 14 June 2017. As can be seen by the 2020/21 benchmarking report ESFRS completed the 4th lowest recorded number of high risk audits per 1,000 non-domestic properties with 10.7, whereas Durham completed the most with 50.3 per 1,000 non-domestic properties. Due to the Covid-19 pandemic these audits were undertaken over the telephone

4.5 False Alarm Apparatus

4.5.1 Similarly the benchmarking report has shown that the Service is high in relation to false alarms apparatus and lift rescues in recent years. This led to the Service undertaking a demand management review which was consulted in as part of the

2020-2025 IRMP. The IRMP was agreed at the Fire Authority meeting in September 2020 and our attendance to fire alarms operating in low risk commercial premises has now been reviewed and a paper presenting the recommendations from this work stream went to and was agreed by the Scrutiny and Audit Panel in July 2021.

- 4.5.2 The outcome of this report means that ESFRS will adopt a 'nil attendance policy' for AFA calls from non- residential properties (with exceptions) between 0900hrs and 1700hrs Monday to Friday. This policy went live in April 2022 and will be monitored going forward.



East Sussex Fire & Rescue Service

East Sussex Fire & Rescue Service Benchmarking Report 2020/21

JULY 2022

Background

This document aims to provide benchmarking information for East Sussex Fire & Rescue Service (ESFRS) against its other Family Group 2 (FG2) members. The UK's Fire and Rescue Services (FRS) are divided into five family groups, these groups are used to aid analysis and comparisons between similar FRS. ESFRS is grouped together with other similar sized FRS, which are deemed to have some, but by no means all of the same key characteristics.

The twelve FRS that make up FG2 are:

Bedfordshire
Royal Berkshire
Buckinghamshire
Cambridgeshire
Dorset & Wiltshire
Durham
East Sussex
Norfolk
Northamptonshire
Oxfordshire
Suffolk
West Sussex.

Previously FG2 reported on thirteen members, but this has now reduced to twelve since Dorset & Wiltshire have now combined as one service and their statistics are now reported as one.

This benchmarking report focuses on the following areas:

- Employee comparisons from the 'Fire and rescue workforce and pensions statistics: England, April 2020 to March 2021'
- Station and appliance comparisons from the 'CIPFA annual statistics for 2020-21'
- Health and Safety comparisons from the 'Fire and rescue workforce and pensions statistics: England, April 2020 to March 2021'
- Incident comparisons from the 'Home Office Incident Recording System, Fire Statistics: England April 2020 to March 2021' and the 'Fire Incident Response Times: England, for 2020-21'
- Sickness comparisons for the FG2 from the 'National Fire & Rescue Service Occupational Health Performance Report April 2020 – March 2021'
- Prevention and protection comparisons from 'Fire prevention & protection statistics, England, April 2020 to March 2021'

On the 1st April 2016 the Home Office took over responsibility for the FRS. ESFRS previously submitted a number of datasets throughout the year to the then Department of Local Government and Communities (DCLG). These submissions are now being returned to the Home Office.

The most current Home Office datasets were released in October 2021. The figures in this report are based on the latest published figures and regional demographic information. The Appliance and Station numbers are based on data released by CIPFA (annual statistics for 2020-21) and the Employee and Health & Safety comparisons are based on 2020-21 Operational Statistics data collection returns. These returns reflect the positions within each organisation as of 31 March 2021. Sickness data is provided directly from Fire and Rescue Services in the 'National Fire and Rescue Service Occupational Health Performance Report April 2020 – March 2021'. This report is prepared by Cleveland Fire and Rescue Service.

The Home Office collate the Annual Operational Statistics data collection returns and produce Fire and Rescue Service Operational Statistics Bulletins (Fire prevention and protection statistics: England, April 2020 to March 2021). These contain data from each UK FRS on:

- Fire Prevention and Community Fire Safety Activities
- Fire Safety Audits, Enforcement, Prohibition and Compliance Notices, and Prosecutions

The Home Office collate the Annual Operational Statistics data collection returns and produce Fire and Rescue Service Operational Statistics Bulletins (Fire and rescue workforce and pensions statistics: England, April 2020 to March 2021). These contain data from each UK FRS on:

- Staff strength by rank and contract
- Health and Safety – Injuries during operational incidents and training
- Vehicle Incidents and Accidents

All the Operational Statistics datasets are in the public domain and can be accessed via the GOV.UK website or using this link <https://www.gov.uk/government/collections/fire-statistics>

The Home Office also collect and collate the E-IRS data sets and produce the ‘Detailed analysis of fires attended by fire and rescue services, England, April 2020 to March 2021’ and the ‘Response times to fires attended by fire and rescue services: England, April 2020 to March 2021’.

These contain data from each UK FRS on:

- Incident types
- Attendance times
- Fatalities and casualties

All Fire Statistics and Incident Response Times datasets are in the public domain and can be accessed via the GOV.UK website by using these links: <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables>

Population and Geographic details

In order to create meaningful comparators across the Family Group 2 (FG2) the performance indicators are often expressed as a rate or ratio against a standard demographic or geographic value.

Table 1 sets out these main comparators. It shows, with regard to population and properties, East Sussex Fire & Rescue Service (ESFRS) is comparable to Cambridgeshire and West Sussex. ESFRS has the 6th highest population (850,090), the 5th highest number of occupied dwellings (373,606) and the 3rd highest number of non-domestic properties (33,300) but it is the 3rd smallest in area among FG2.

ESFRS, with regard to full-time equivalents (FTE), has the 2nd highest number of Wholetime (WT) and 4th highest number of On-call firefighters. This is the 3rd highest number of WT and On-call combined.

	Bedfordshire	Berkshire	Buckinghamshire	Cambridgeshire	Dorset & Wiltshire	Durham	East Sussex	Norfolk	Northamptonshire	Oxfordshire	Suffolk	West Sussex
Population	682,311	917,762	817,263	859,830	1,503,731	640,551	850,590	914,039	757,181	696,880	761,246	867,635
Domestic Properties (Occupied dwellings)	278,690	379,572	337,594	370,254	675,665	290,894	375,644	421,323	325,302	298,380	340,843	383,078
Non-domestic Properties	18,680	27,420	24,000	27,320	55,790	19,770	33,300	40,030	23,900	22,410	31,120	29,200
Wholetime (Full Time Equivalents)	291	354	277	262	378	302	355	280	238	234	202	330
On-call (Full Time Equivalents)	118	45	99	161	447	140	239	438	144	194	340	159
Total FTEs	409	399	376	422	825	442	594	718	382	428	542	489
Area Sq Km	1,235	1,264	1,874	3,396	6,138	2,429	1,795	5,382	2,367	2,606	3,802	1,991

Table 1: Sources: (i) ONS Population Mid-year estimates 2020 (iii, vi & vii) CIPFA Fire and Rescue Service Statistics 2021 Summary (ii) LG Inform/Ministry of Housing, Community & Local Government 202 (iv & v) Home Office Incident Recording System, Fire statistics tables 1102a: Total Staff Numbers (FTE) by role and fire and rescue authority – Wholetime Firefighters & 1102b Total Staff Numbers (FTE) by role and fire and rescue authority – On-call firefighters.

Locations of the Family Group 2 Fire and Rescue Services



FAMILY GROUP TWO

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Employee comparisons

Table 2 shows that the ESFRS's senior management structure is most comparable to West Sussex and Dorset & Wiltshire. Overall, ESFRS has the 2nd highest numbers of WT operational staff in FG2.

Additionally, the figures represent the 'Strength' of each FRS. This is the actual number of WT operational posts filled as per contract as of 31st March 2021. They do not include any temporary posts or posts that are fully funded by outside agencies; for example, persons seconded to the Ministry for Housing, Communities and Local Government (MHCLG), the Home Office, HMICFRS, Fire Service College or charitable organisations. Posts such as these are not included in the FRS's 'Strength' figures. However, the figures reflect temporary promotions within the organisation.

ESFRS has the 5th highest percentage change in WT operational staff against the numbers stated in the 2019/20 Benchmarking Report. The 0.3% decrease equates to 1 WT posts and is a decline of 76 WT posts since 2011. The average ratio of firefighters to Senior Managers in FG2 is 19, so with 20, ESFRS is slightly above this and has the 4th equal highest ratio.

Fire & Rescue Service	Brigade Manager	Area Manager	Group Manager	Station Manager	Watch Manager	Crew Manager	Non managerial Firefighter	Total	% change from previous year	Ratio of Firefighters to Senior Manager
Bedfordshire	2	6	5	15	39	49	175	291	2.5%	21 to 1
Berkshire	4	4	13	33	33	64	203	354	-4.8%	16 to 1
Buckinghamshire	2	3	7	22	36	46	161	277	15.4%	22 to 1
Cambridgeshire	2	3	9	27	44	31	146	262	7.8%	18 to 1
Dorset & Wiltshire	2	5	10	36	69	61	195	378	-6.2%	21 to 1
Durham	3	3	4	17	48	53	174	302	-0.7%	29 to 1
East Sussex	3	4	10	28	55	62	193	355	-0.3%	20 to 1
Norfolk	3	3	8	25	41	37	163	280	0.7%	19 to 1
Northamptonshire	3	3	8	18	51	33	122	238	-6.3%	16 to 1
Oxfordshire	3	3	8	28	53	27	112	234	2.6%	16 to 1
Suffolk	2	3	8	21	41	25	103	202	3.6%	15 to 1
West Sussex	3	4	9	25	68	49	172	330	4.1%	20 to 1

*Senior Manager includes Brigade Manager, Area Manager & Group Manager.

Table 2: Source - Home Office Incident Recording System, Fire statistics table 1102a: Total Staff Numbers (FTE) by role and fire and rescue authority – Wholetime Firefighters.

Table 3 shows the FG2 management structure at station level. ESFRS has the 2nd equal highest number of Watch and Crew Managers and WT and Day crewed (DC) stations and the 3rd equal lowest average number of watch and crew managers by DC and WT station with 9.75. The FG2 average is 10.73.

Fire & Rescue Service	Watch Manager	Crew Manager	Firefighter	Crew & Watch Manager total	No. of WT & DC stations	Average no. of watch & crew managers by DC & WT station	Ranking
Bedfordshire	39	49	175	88	6	14.67	12
Berkshire	33	64	203	97	12	8.08	2
Buckinghamshire	36	46	161	82	9	9.11	1
Cambridgeshire	44	31	146	75	7	10.71	7
Dorset & Wiltshire	69	61	195	130	13	10.00	9
Durham	48	53	174	101	9	11.22	10
East Sussex	55	62	193	117	12	9.75	3
Norfolk	41	37	163	78	8	9.75	5
Northamptonshire	51	33	122	84	8	10.50	5
Oxfordshire	53	27	112	80	6	13.33	11
Suffolk	41	25	103	66	6	11.00	8
West Sussex	68	49	172	117	11	10.64	4

Table 3: Source - Home Office Incident Recording System, Fire statistics table 1102a: Total Staff Numbers (FTE) by role and fire and rescue authority – Wholetime Firefighters. Number of Stations: CIPFA Fire and Rescue Service Statistics 2020-21 Actuals.

Chart 1, below, shows the comparisons of WT firefighters (head count) across FG2. ESFRS is above the FG2 average of 293, with 356.

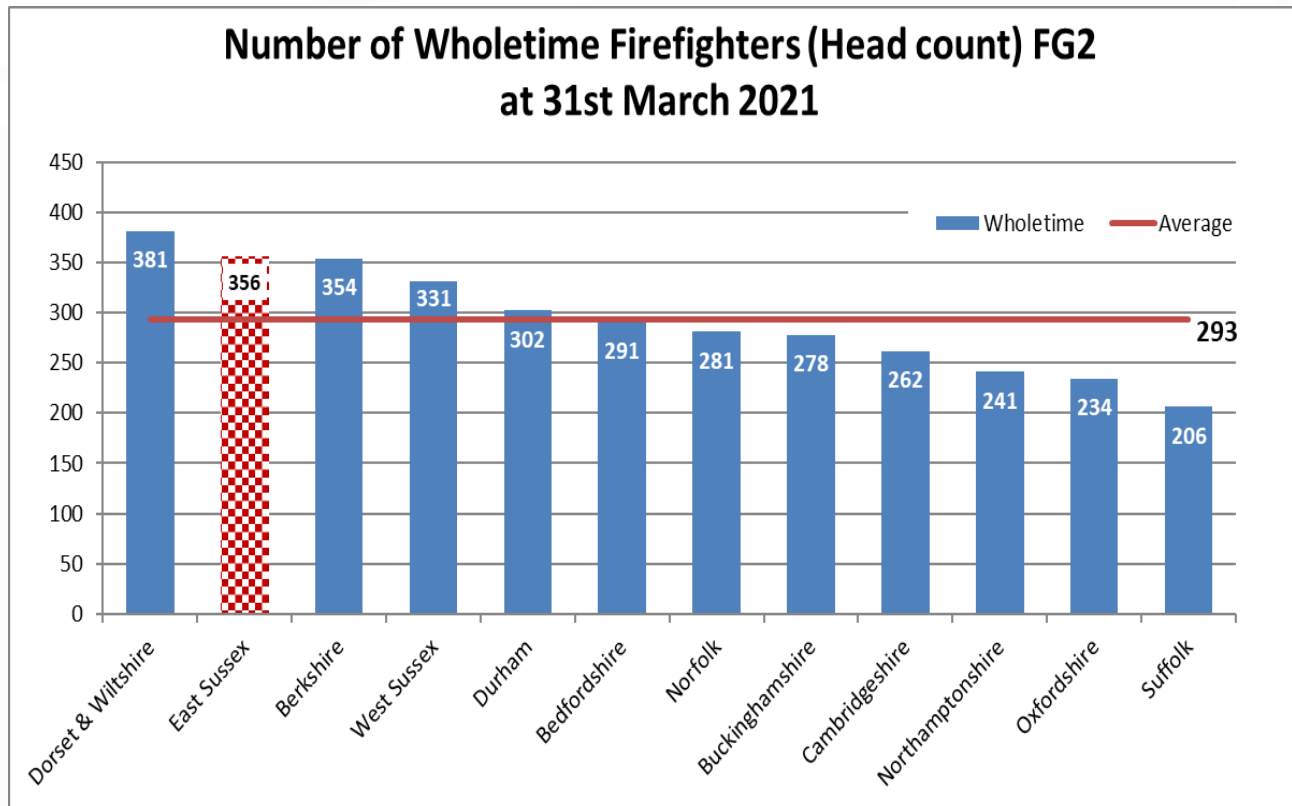


Chart 1: Number of WT Firefighters. (Source - Home Office Incident Recording System, Fire statistics table 1101: Staff in post employed by FRA by head count – Wholetime Firefighters.)

Chart 2 shows the comparisons of On-call firefighters (head count) across FG2. The average number of On-call firefighters across the group is 282, whereas for ESFRS this is 239. The On-call staffing model is often dependent on several factors, including geographical location, the number of incidents in an area and the levels of risk within an area.

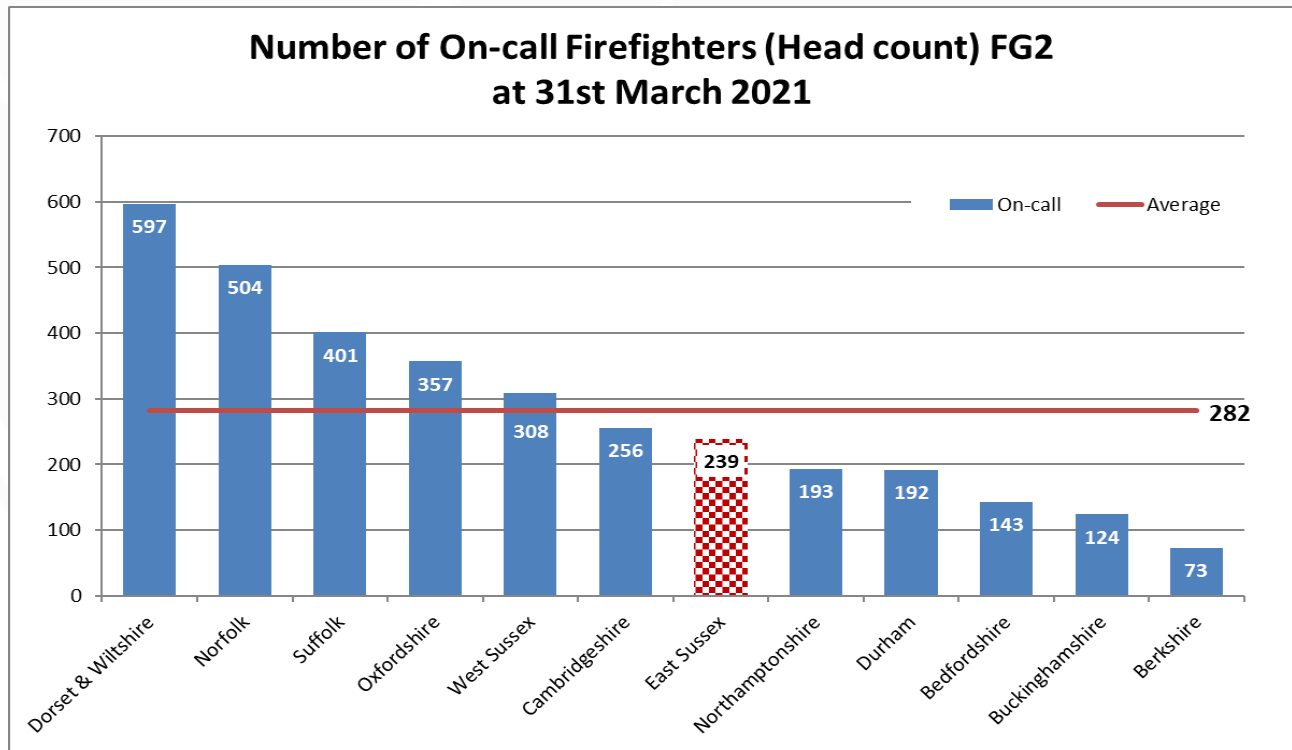


Chart 2: Number of On-call Firefighters. (Source - Home Office Incident Recording System, Fire statistics table 1101: Staff in post employed by FRA by head count – On-call Firefighters.)

Stations and Appliances comparisons

Table 4 shows number of pumping appliances across area and population. ESFRS has the 4th highest number of pumping appliances among FG2 with 40. This is above the group average of 36.6. ESFRS's population is concentrated mostly on the coast by comparison to many other FG2 members and therefore impacts on the area per pumping appliance.

Fire & Rescue Service	Pumping Appliances	Appliances per 100,000 population	Area per Pumping Appliance (km ²)	FRS Area (km ²)	Population
Bedfordshire	22	3.22	56.2	1,235	682,311
Berkshire	20	2.18	63.2	1,264	917,762
Buckinghamshire	30	3.67	62.5	1,874	817,263
Cambridgeshire	36	4.19	94.3	3,396	859,830
Dorset & Wiltshire	74	4.92	82.9	6,138	1,503,731
Durham	26	4.06	93.4	2,429	640,551
East Sussex	40	4.70	44.9	1,795	850,590
Norfolk	50	5.47	107.6	5,382	914,039
Northamptonshire	25	3.30	94.7	2,367	757,181
Oxfordshire	34	4.88	76.6	2,606	696,880
Suffolk	40	5.25	95.1	3,802	761,246
West Sussex	42	4.84	47.4	1,991	867,635

Table 4: Number of pumping appliances. (Source - CIPFA Statistics 2020/21 Actuals.)

Chart 3 presents the number of pumping appliances per 100,000 population. ESFRS has the 6th highest with 4.7, which is above the FG2 average of 4.2.

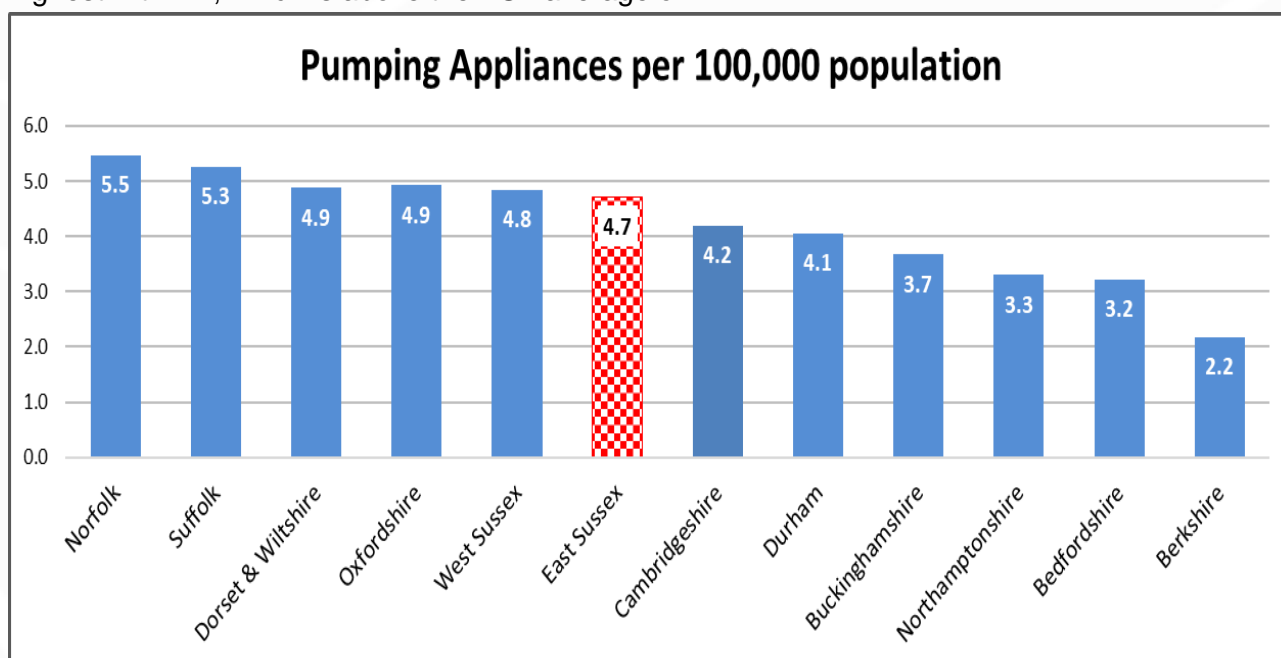


Chart 3: Pumping Appliances per 100,000 population. (Source - CIPFA Statistics 2020/21 Actuals.)

Chart 4 shows area per pumping appliance. ESFRS has the highest pumping appliance density with one to every 44.9 km². The FG2 average one to every 76.6 km².

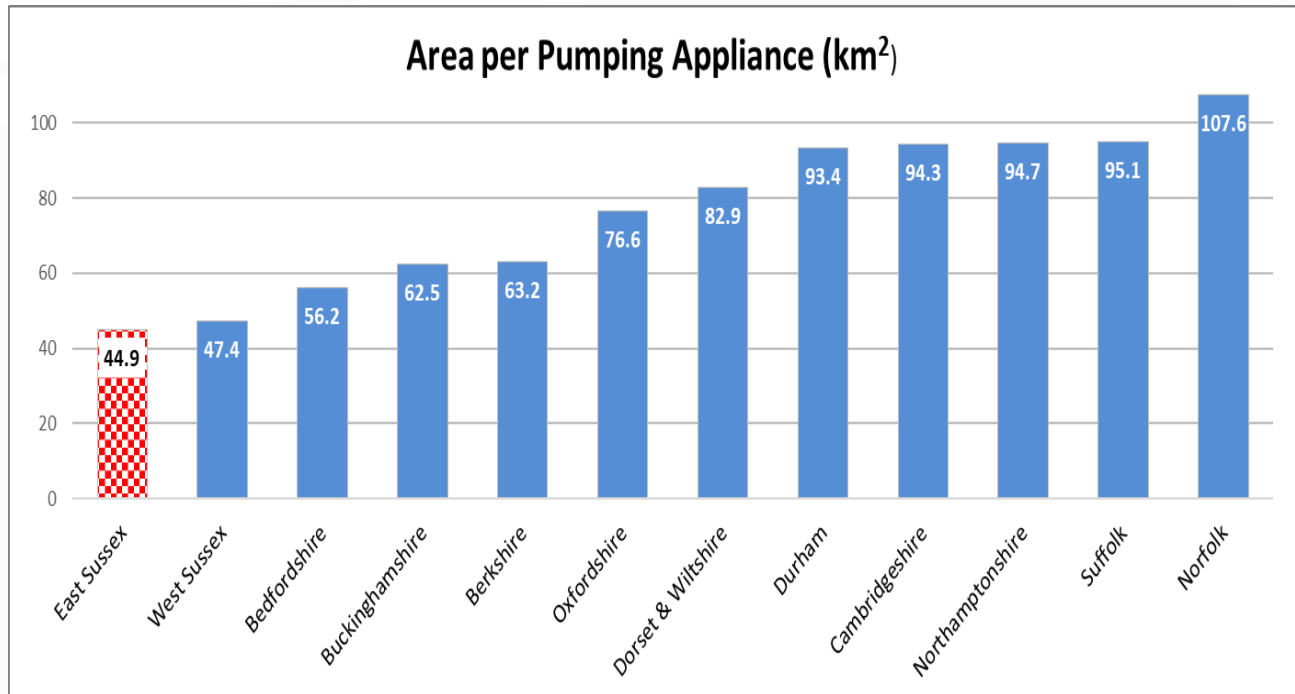


Chart 4: Square kilometers per appliance. (Source - CIPFA Statistics 2020/21 Actuals.)

Table 5 shows the number of stations per 100,000 population and area per station in km² for each FG2 FRS. ESFRS has 6 WT, 6 DC and 12 On-call stations, which is proportionally closest to Buckinghamshire with regard to station type in FG2.

Fire & Rescue Service	Wholetime Stations	Day crewed / Mixed Stations	On-call Stations	Total Number of Fire Stations	Stations per 100,000 population	Area per Station (km ²)
Bedfordshire	3	3	8	14	2.05	88.25
Berkshire	11	1	5	17	1.85	74.35
Buckinghamshire	5	4	10	19	2.32	98.61
Cambridgeshire*	3	4	19	26	3.02	130.61
Dorset & Wiltshire	3	10	37	50	3.33	122.76
Durham	2	7	6	15	2.34	161.93
East Sussex	6	6	12	24	2.82	74.81
Norfolk	3	5	34	42	4.59	128.13
Northamptonshire	3	5	14	22	2.91	107.59
Oxfordshire	0	6	19	25	3.59	104.24
Suffolk	0	6	29	35	4.60	108.64
West Sussex**	2	9	14	25	2.88	79.63

Table 5: Number of Stations. (Source - CIPFA Statistics 2020/21 Actuals)

*Cambridgeshire has 1 Volunteer Fire Station; ** West Sussex also share an additional station with Surrey FRS.

Chart 5 presents number of stations per 100,000 population. ESFRS has a rate of 2.82 stations per 100,000 population, this is the 5th lowest in FG2.

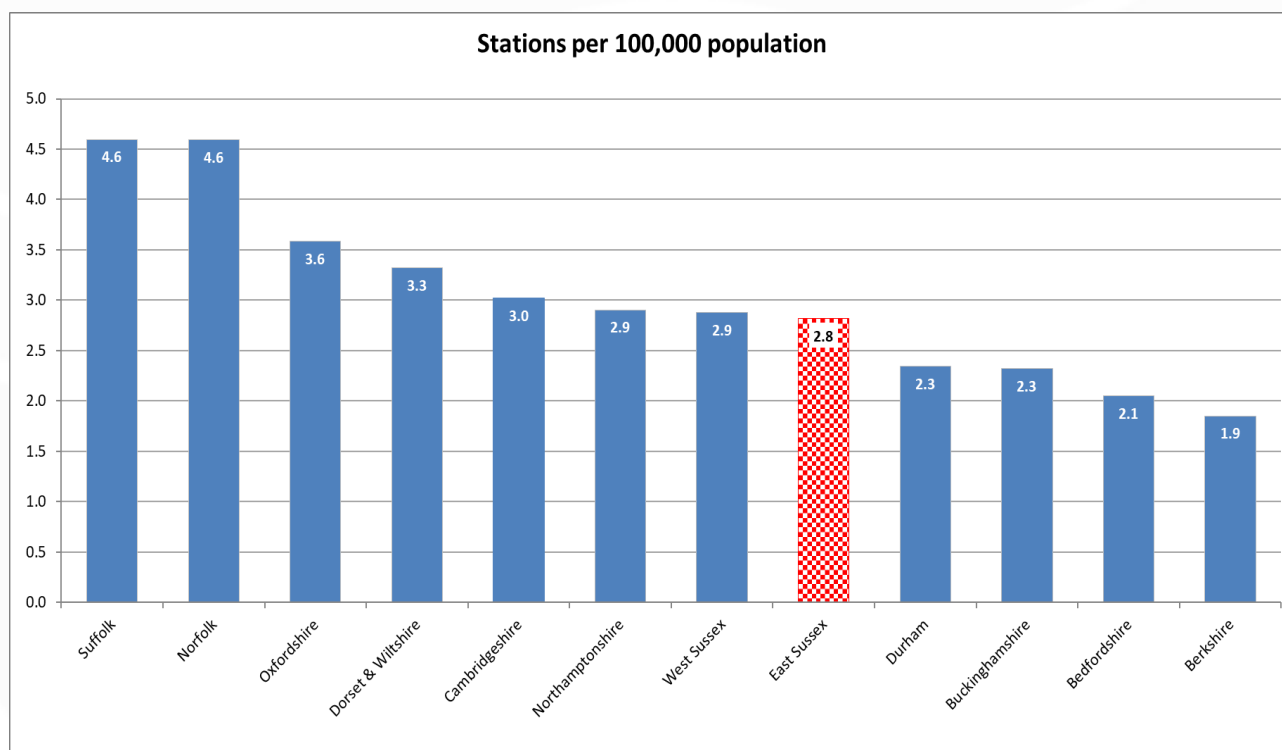


Chart 5: Stations per 100,000 population. (Source - CIPFA Statistics 2020/21 Actuals.)

Chart 6 shows area per station in km². ESFRS has one station for every 74.8 km², which is the 2nd highest density of stations per km² in FG2.

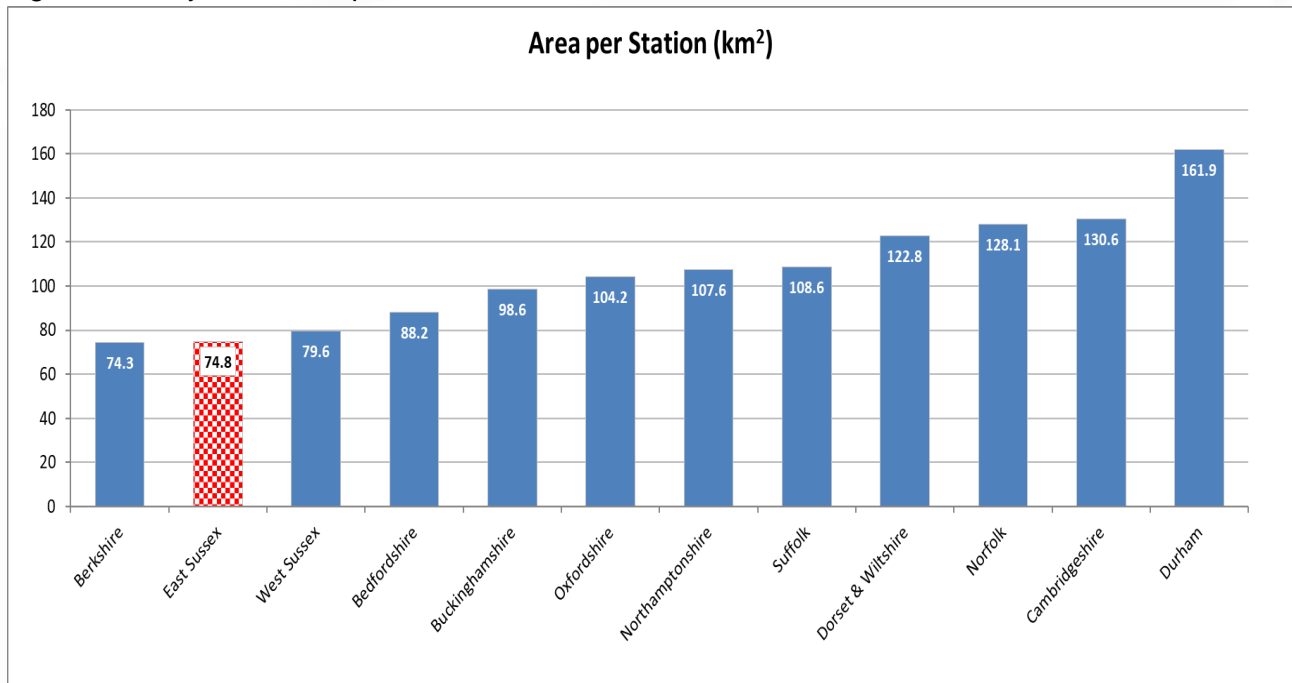


Chart 6: Stations per square km. (Source - CIPFA Statistics 2020/21 Actuals.)

Chart 7 highlights the number of WT, DC and On-call stations for each FG2 member. Berkshire has the highest number of WT stations, Dorset and Wiltshire has the highest number of Day and mixed crewed, and On-call stations. Dorset & Wiltshire (50) and Norfolk (42) have the most stations overall, whilst Bedfordshire (14) and Durham (15) have the least among FG2.

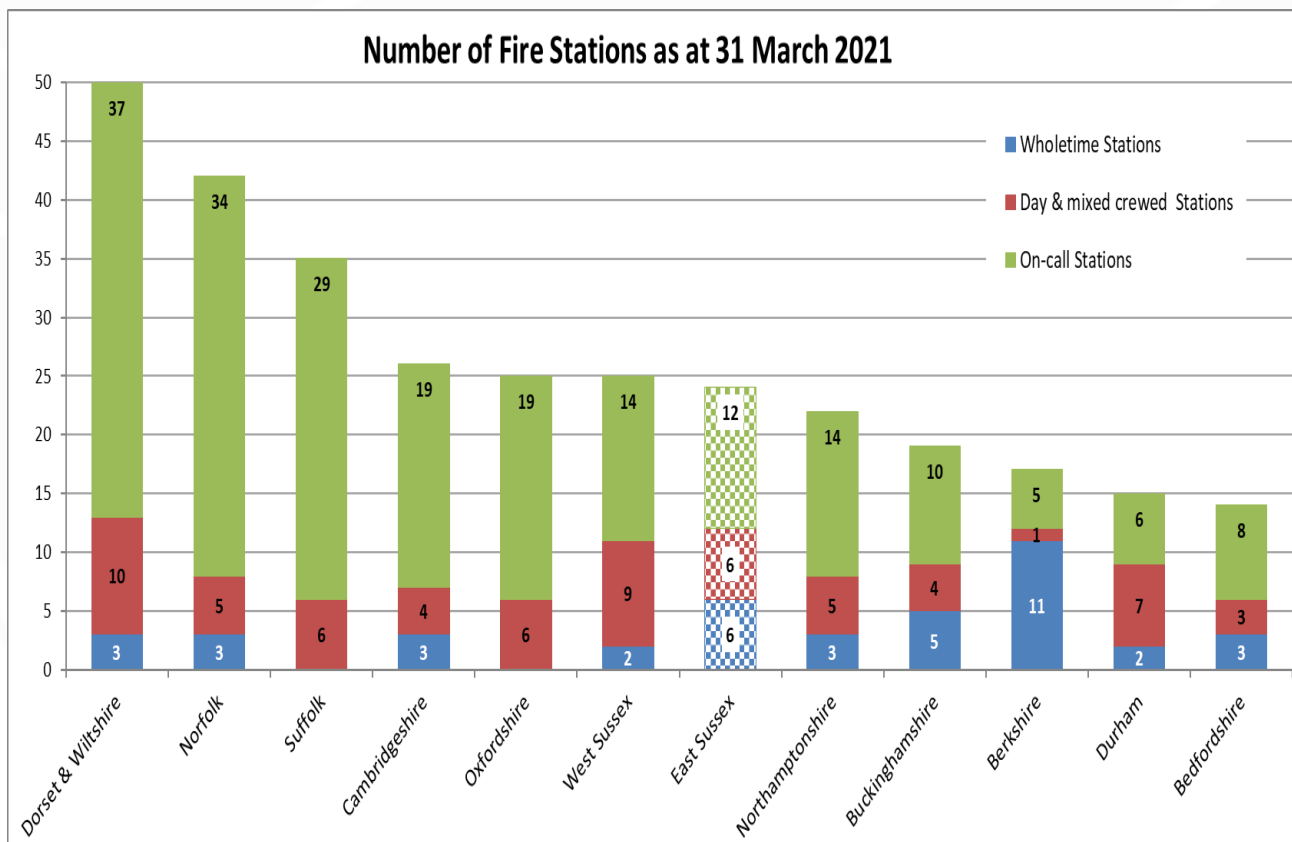


Chart 7: Number of Stations. (Source - CIPFA Statistics 2020/21 Actuals)

Financial comparisons

Chart 8 shows the average net expenditure of each FRS in FG2 per domestic household and average Band D equivalent Council Tax for each FRS and for Combined Fire Authorities. (This information is not readily available for County Fire Authorities, as Fire budgets are generally combined with other departments.)

ESFRS has the 3rd highest average net expenditure cost per domestic household and the 3rd highest cost per Council Tax Band D.

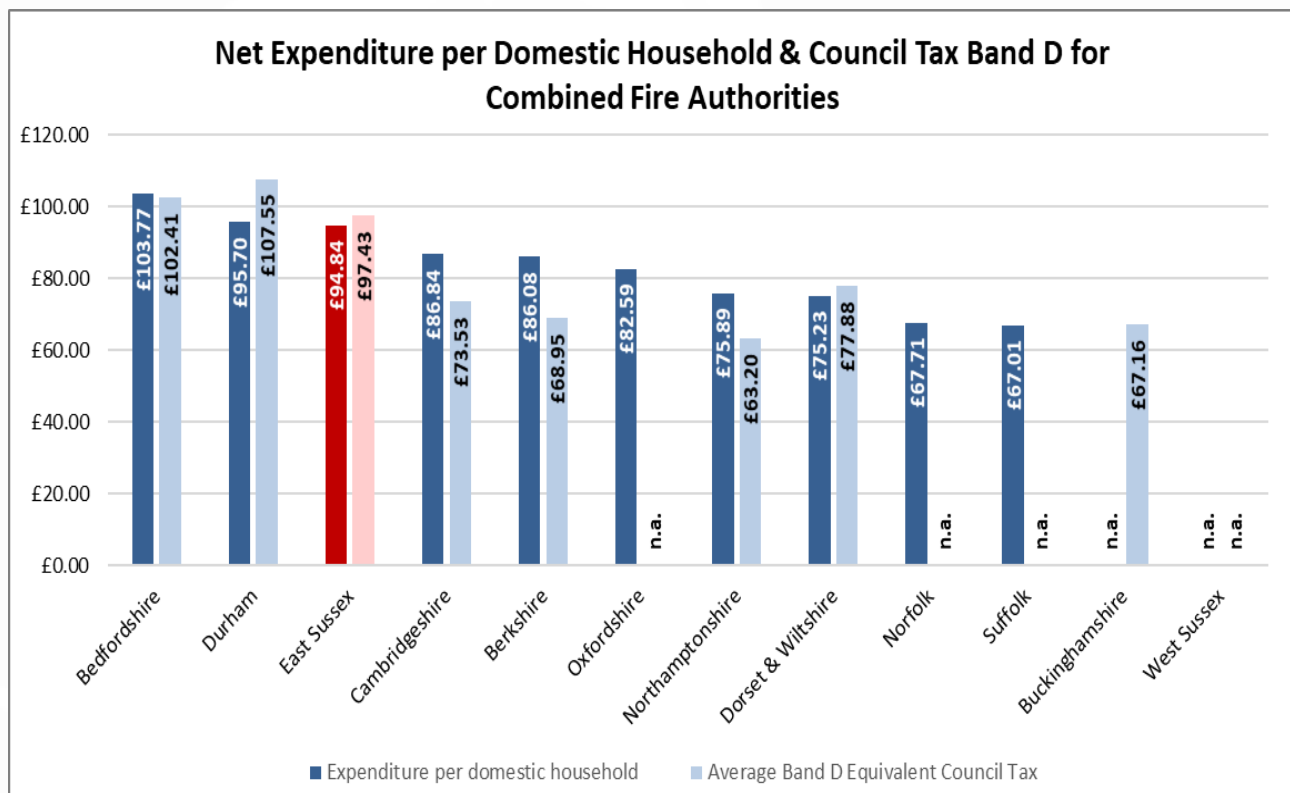


Chart 8: Average net expenditure per number of domestic properties & Council Tax Band D. (Source - CIPFA Statistics 2020/21)

Health & Safety

Chart 9, below, shows the number of injuries per 100 WT and On-call firefighters sustained during operational incidents and training for FG2. In 2020/21, ESFRS sustained 8.25 operational injuries per 100 firefighters (7.85 in 2019/20) and 1.52 training injuries per 100 firefighters (3.82 in 2019/20). The FG2 average number of operational injuries per 100 firefighters is 3.44 and the average rate for training injuries is 3.38 per 100 firefighters.

ESFRS is more than twice the FG2 average in operational injuries, currently ranked 2nd highest (the same as in 2019/20) and more than half the average in training injuries, ranked 3rd lowest (7th lowest in 2019/20). Cambridgeshire has the most operational and training injuries, whilst Durham has the least operational injuries and West Sussex the least training injuries among FG2.

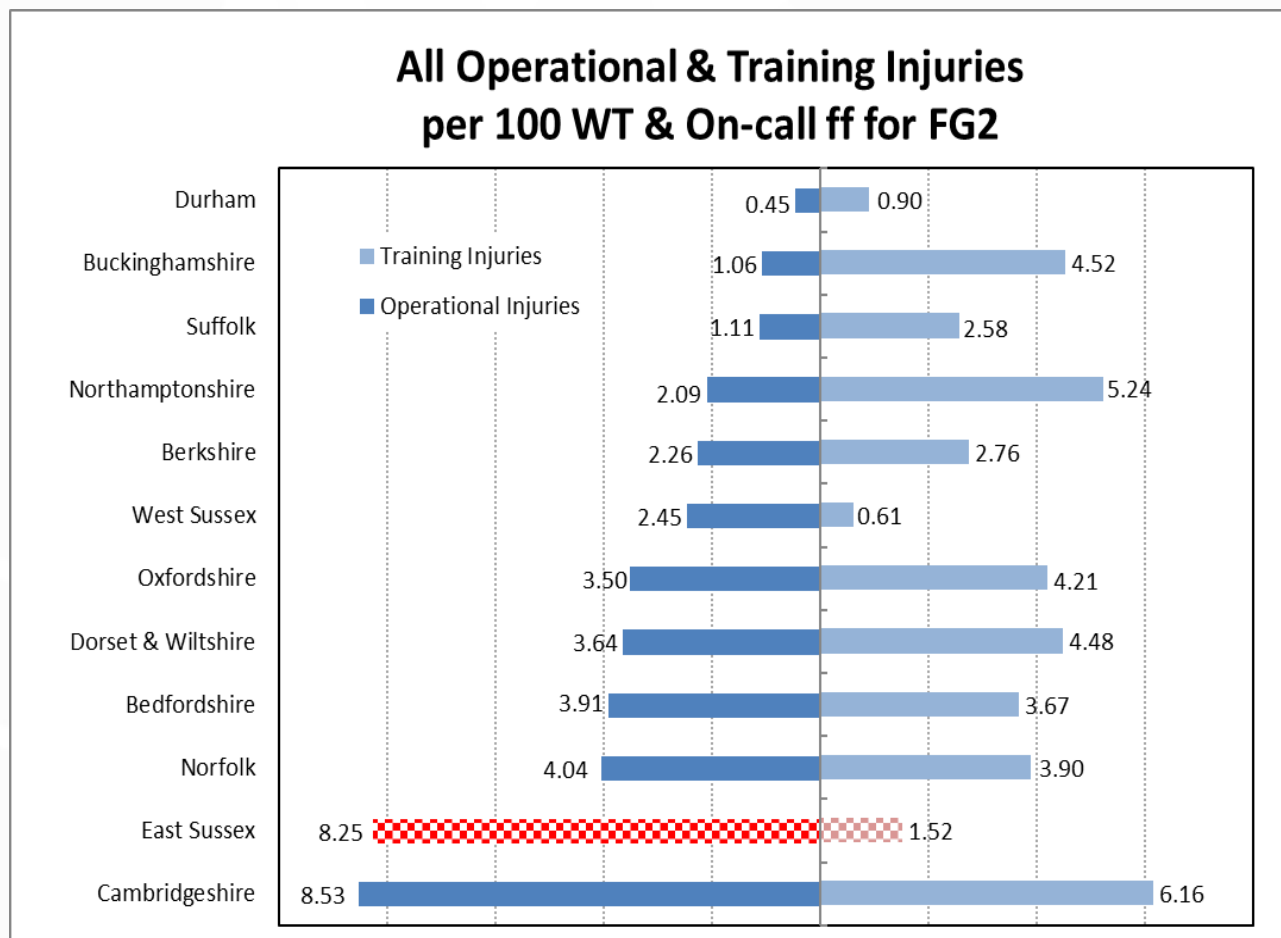


Chart 9: Operational & Training Injuries per 100 firefighters. (Source - Home Office, Fire statistics tables 0508b: Injuries sustained by firefighters and firefighter fatalities, during operational incidents, by fire and rescue authority & 0508c: Injuries sustained by firefighters and firefighter fatalities, during training incidents, by fire and rescue authority.)

Firefighters by Gender and Ethnicity comparisons

Chart 10 shows the percentage of female WT firefighters for each FG2 member over the past four years. The profile of WT firefighters in England is predominantly male and white. However, the proportion of firefighters who are female has increased from a national average of 1.3% in March 2002 to 8.0% in March 2021. Notably, a significant part of this proportional increase during this period is owing to the large decline in male firefighters (down from 31,168 to 20,819), rather than an actual increase in the numbers of female firefighters (up from 424 to 1,824).

ESFRS has the 4th highest proportion of female firefighters across FG2 with 8.1% of WT firefighters, which is above both the national average of 8.0% and the FG2 average of 6.8%.

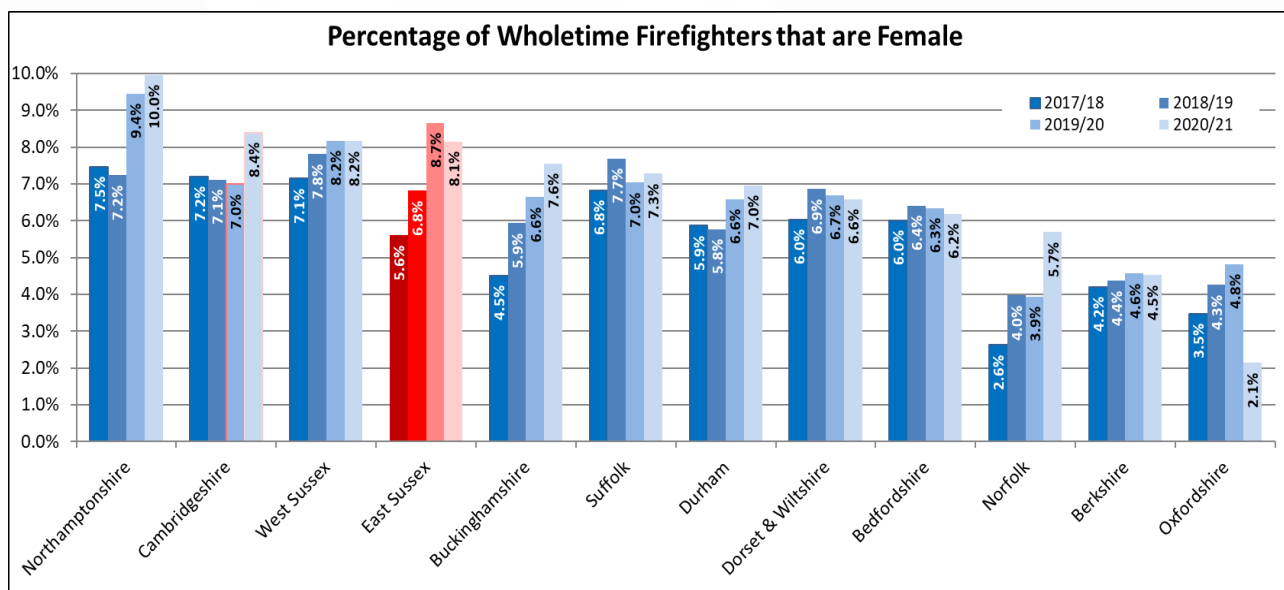


Chart 10: Percentage of WT firefighters that are female. (Source - Home Office Incident Recording System, Fire statistics table 1103: Staff headcount by gender, fire and rescue authority and role.)

Chart 11 shows the actual numbers of male and female firefighters at each FG2 FRS. In terms of raw numbers, ESFRS has the highest numbers of female firefighters with 29. The lowest number of female fighters was 5 in Oxfordshire FRS.

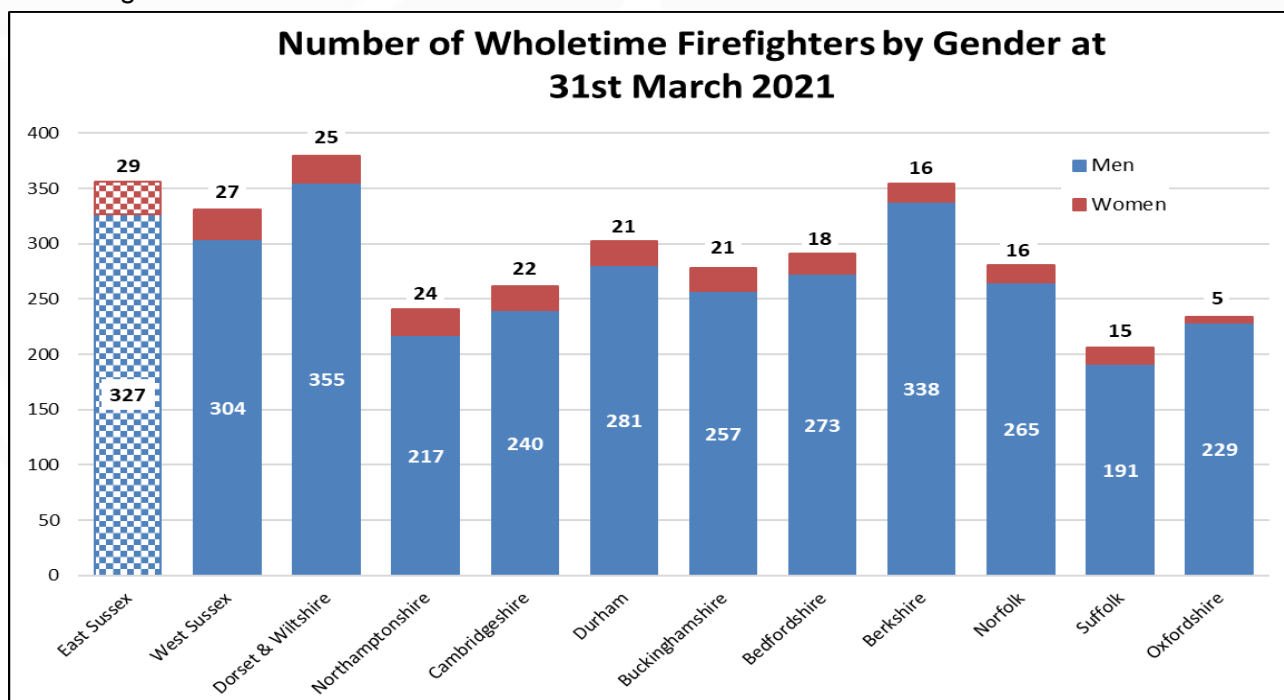


Chart 11: Numbers of WT firefighters that are female. (Source - Home Office Incident Recording System, Fire statistics table 1103: Staff headcount by gender, fire and rescue authority and role.)

Nationally, the percentage of WT firefighters from ethnic minority backgrounds has also increased: from an average across all FRs of 1.5% in 2002 to 6.3% in March 2021. ESFRS is currently below the national average with 2.4%. Only Bedfordshire in FG2 is above this with 6.4%.

Chart 12 illustrates the percentage of WT firefighters that are from an ethnic minority background for FG2. As of 31 March 2021, ESFRS has the 5th lowest proportion of ethnic minority WT firefighters across the FG2 members.

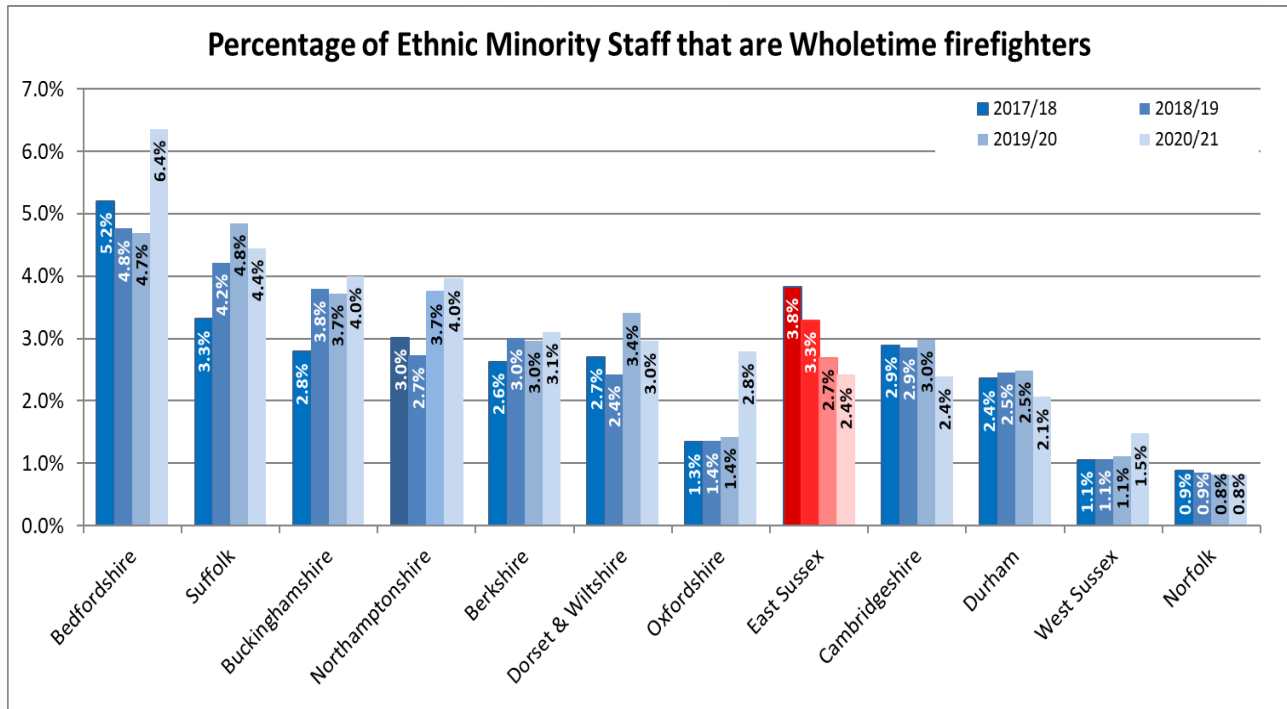


Chart 12: Percentage of WT firefighters that are from an ethnic minority. (Source - Home Office Incident Recording System, Fire statistics table 1104: Staff headcount by ethnicity, fire and rescue authority and role.)

N.B. Nationally, based on the 2011 Census, 14.5% of England's population were classified as being from an ethnic minority background. The corresponding figures for the East Sussex County Council area was 3.9%; the Brighton and Hove City Council area: 10.9%. This combined, and therefore covering the ESFRS area, equates to 6.4%.

Chart 13 shows the actual numbers of white and ethnic minority WT firefighters by each FG2 member. ESFRS has the equal 6th highest number of ethnic minority WT firefighters with 8. Bedfordshire was the highest with 18.

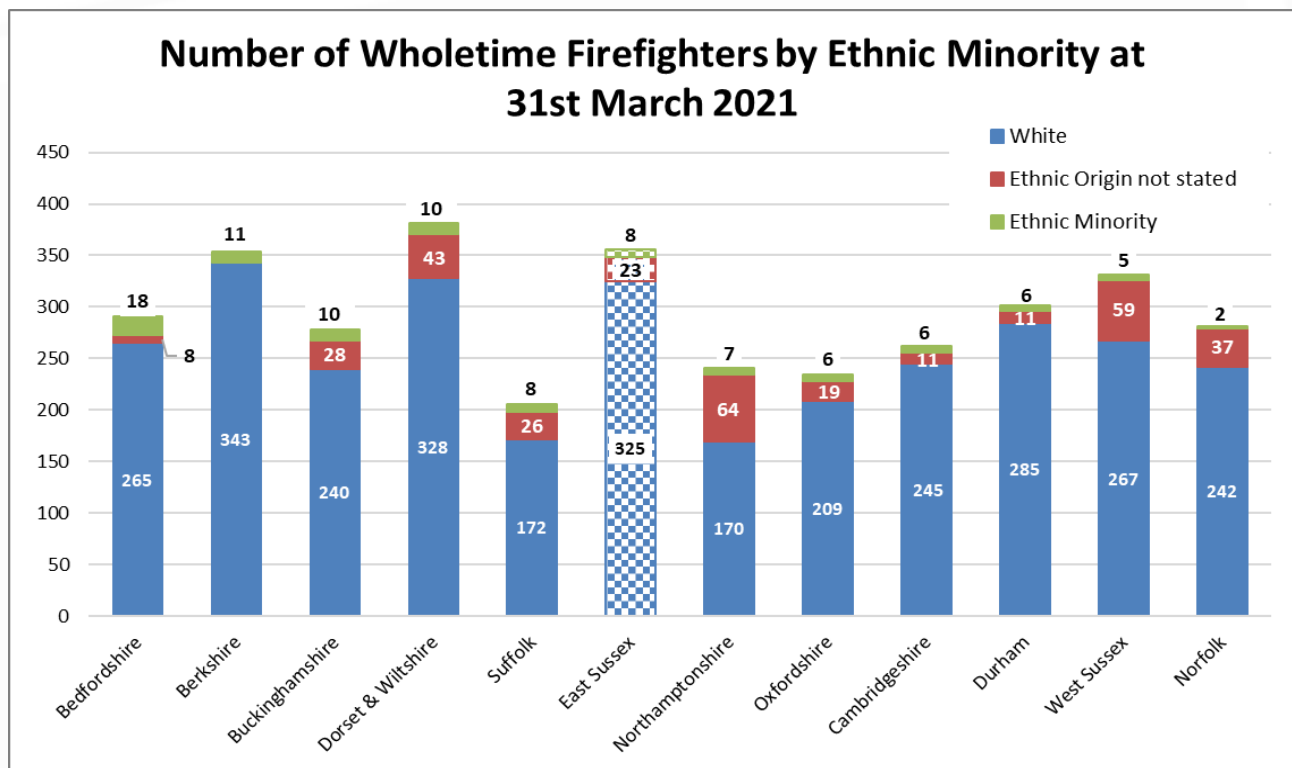


Chart 13: Number of WT firefighters that are from an ethnic minority. (Source - Home Office Incident Recording System, Fire statistics table 1104: Staff headcount by ethnicity, fire and rescue authority and role.)

Sickness

Chart 14 illustrates the number of duty days lost per person for WT and Control staff due to sickness. ESFRS has the 2nd highest level of sickness in FG2 for 2020/21 with 7.04 days lost to sickness per employee compared to the FG2 average of 6.89. However, six FRs from FG2 did not provide data in 2020/21. These are represented as 'n.a.' (not available) in the chart below where no value was returned.

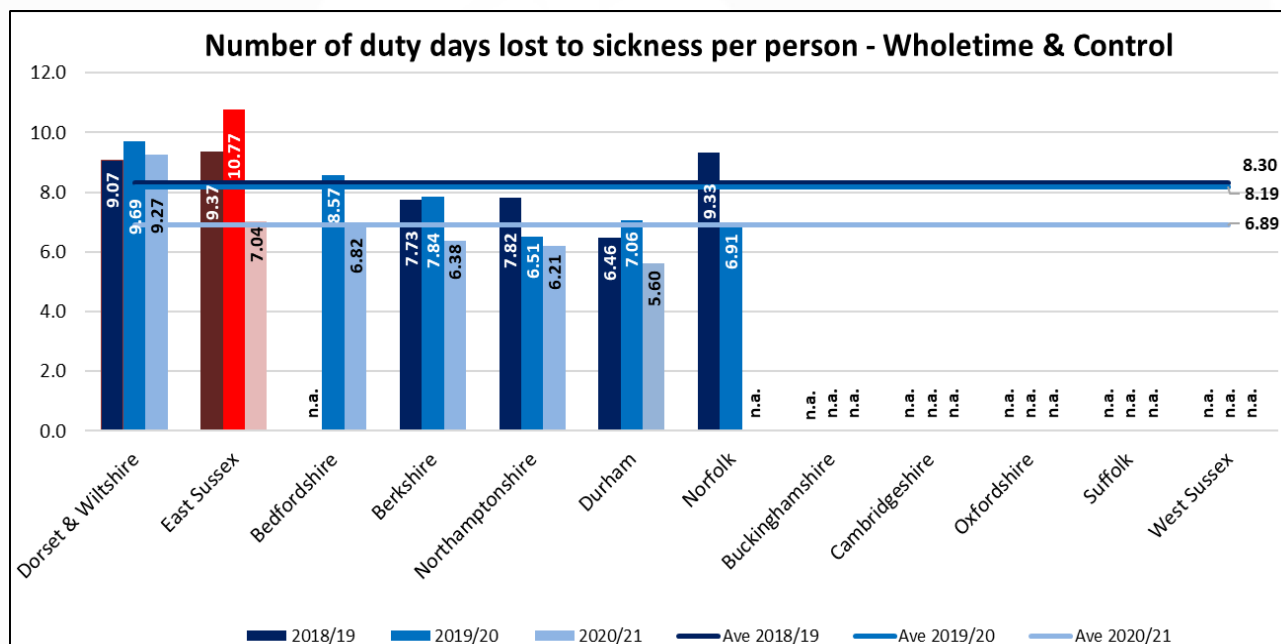


Chart 14: Number of shifts lost per person due to sickness (WT and Control). (Source - National Fire & Rescue Service Occupational Health Performance Report April 2020 – March 2021.)

Chart 15 illustrates the number of shifts lost per person for non-uniformed staff due to sickness. ESFRS has the 3rd highest level of sickness in FG2 from the 10 FRs that provided data in 2020/21 with 5.56 days lost to sickness per employee. This figure is above the 2020/21 FG2 average of 4.82. (In the chart below, 'n.a.' represents no value being returned.)

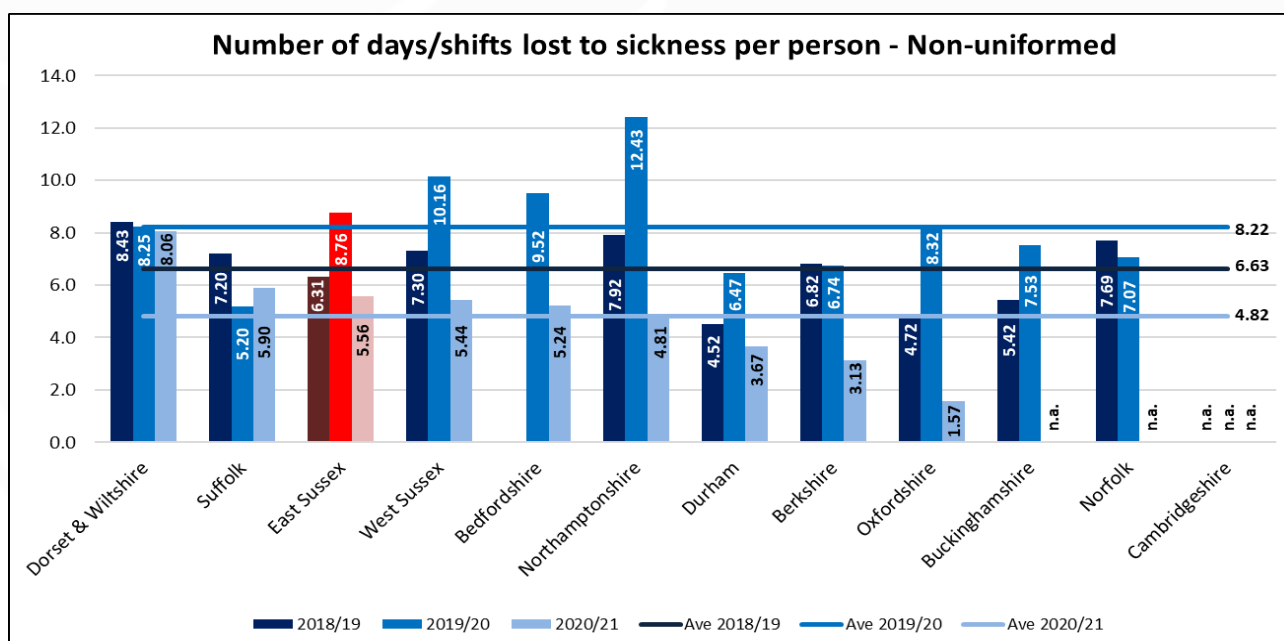


Chart 15: Number of shifts lost per person due to sickness (Support). (Source - National Fire & Rescue Service Occupational Health Performance Report April 2020 – March 2021.)

Home Safety Visits completed

Chart 16 shows the numbers of Home Safety Visits (HSVs) completed from 2010/11 to 2020/21 per 1,000 occupied dwellings for each FG2 member.

ESFRS recorded the 2nd highest number of HSVs completed per 1,000 occupied dwellings in 2020/21 with 19.1. Bedfordshire with the highest number of HSVs completed 24.4 per 1,000 occupied dwellings. However, owing to COVID 19, variations in what constitutes a HSV in the last financial year may vary across the different services, e.g. ESFRS figures include HSVs that were carried out by telephone.

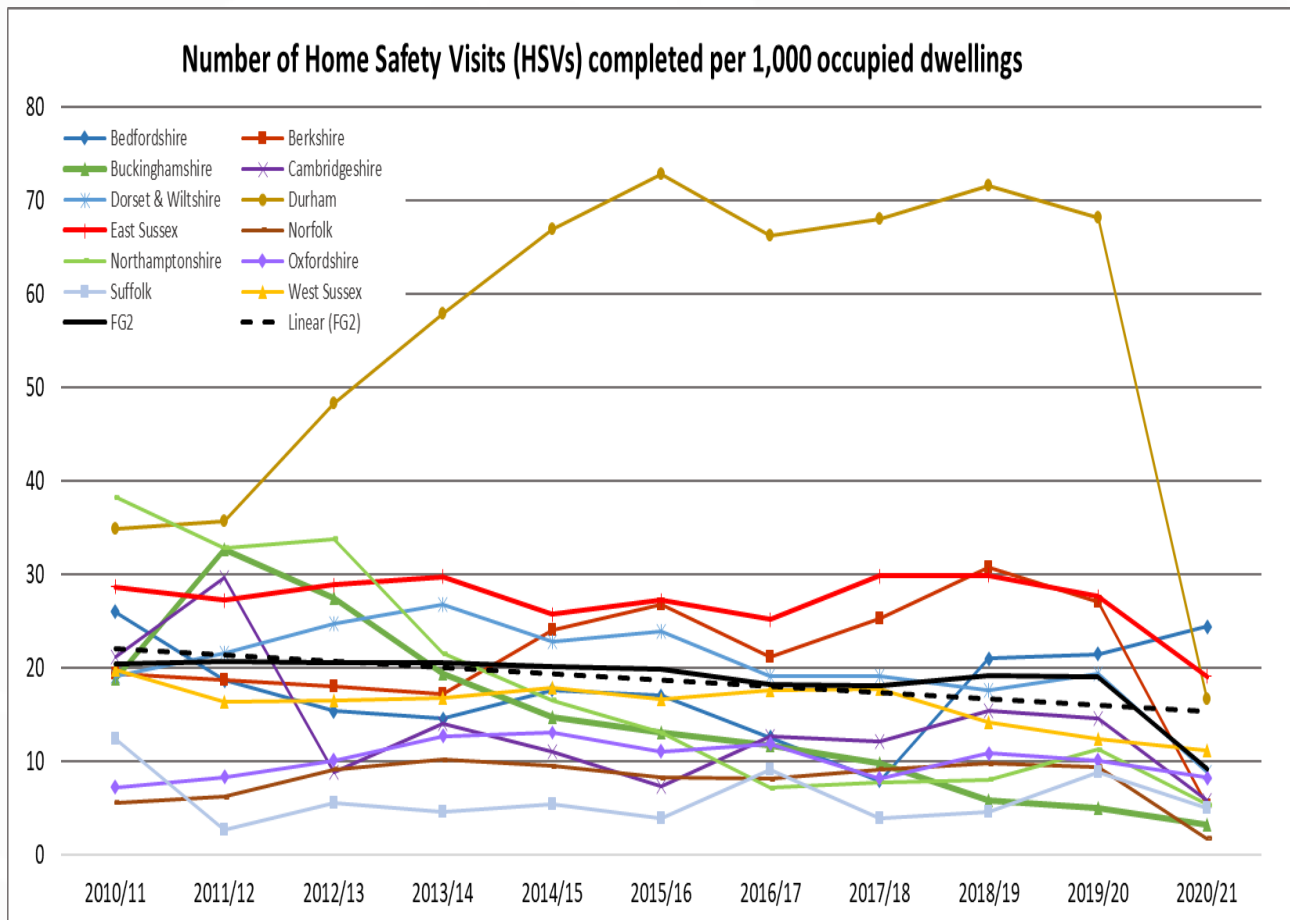


Chart 16: Number of HSVs completed per 1,000 occupied dwellings. (Source - Home Office Incident Recording System, Fire statistics table 1201: Home Fire Risk Checks carried out by fire and rescue authorities and partners, by fire and rescue authority & LG Inform/Ministry of Housing, Community & Local Government 2021.)

Number of Fire Safety Audits completed

Chart 17 shows the total number of Fire Safety Audits completed by FG2 in 2020/21. ESFRS had the 3rd lowest with 356, compared to Durham and Northampton with 995. The FG2 average was 507. (NB, COVID 19 restrictions would have reduced the number of audits carried out across FG2.)

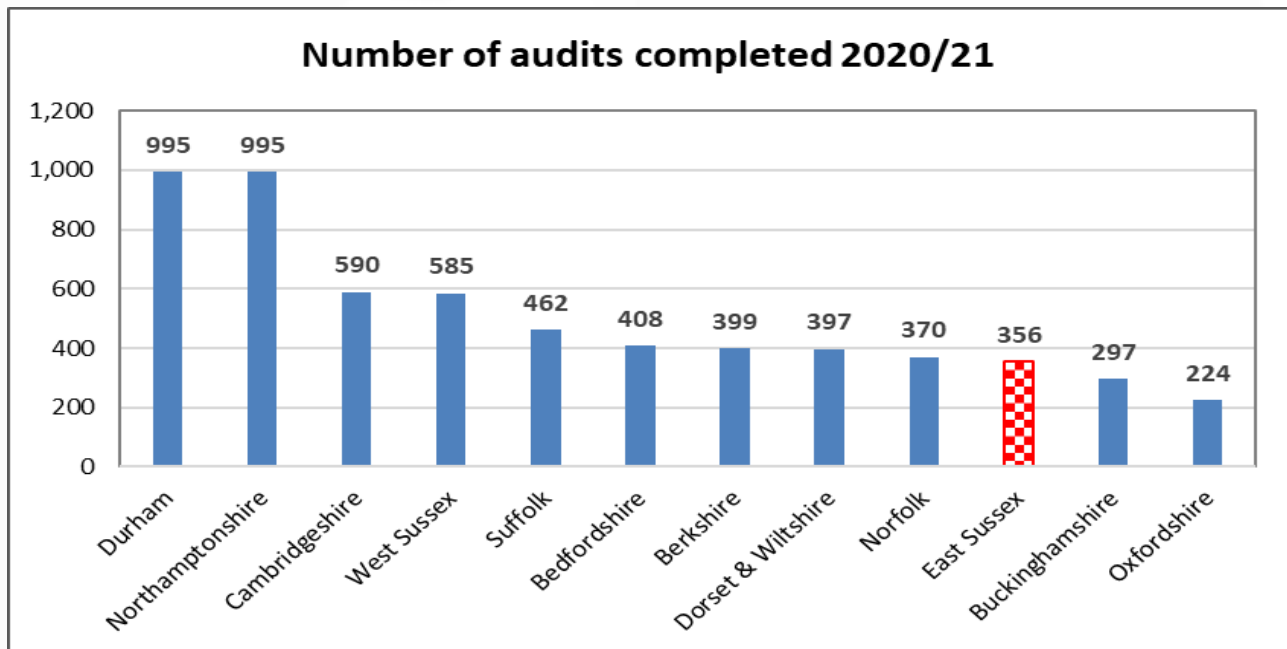
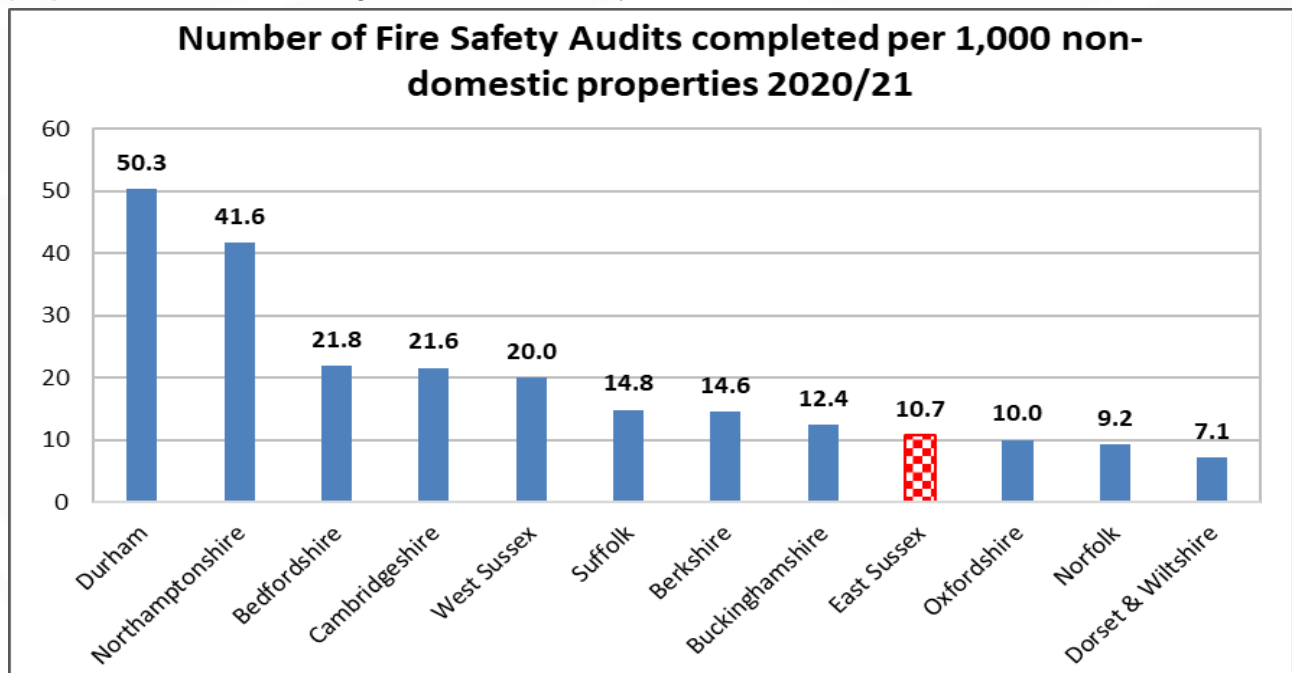


Chart 18 shows the number of Fire Safety Audits completed per 1,000 non-domestic properties in 2020/21. ESFRS completed the 4th lowest recorded number of audits per 1,000 non-domestic properties with 10.7, whereas Durham completed the most with 50.3 per 1,000 non-domestic properties. The FG2 average at 19.5 was nearly twice that of ESFRS.



Charts 17 & 18: Number of Fire Safety Audits completed & Non-domestic properties. (Source - Home Office Incident Recording System, Fire statistics table 1202: Fire Safety Audits carried out by fire and rescue authorities, by fire authority & Gov UK – Non-Domestic Rating Stock of Properties 2020.)

Incident comparisons - Benchmarking

Nationally, over the past decade, the number of incidents each FRS attend has reduced, demonstrating a consistent downward trend. Since 2001/02, ESFRS has attended 62.9% less fires (5,352 in 2001/02 down to 1,987 in 2020/21). Each FRS across the country has been experiencing similar reductions.

Chart 19, below, shows the reduction of Primary Fires per 1,000 population for the FG2 members from 2001/02 to 2020/21.

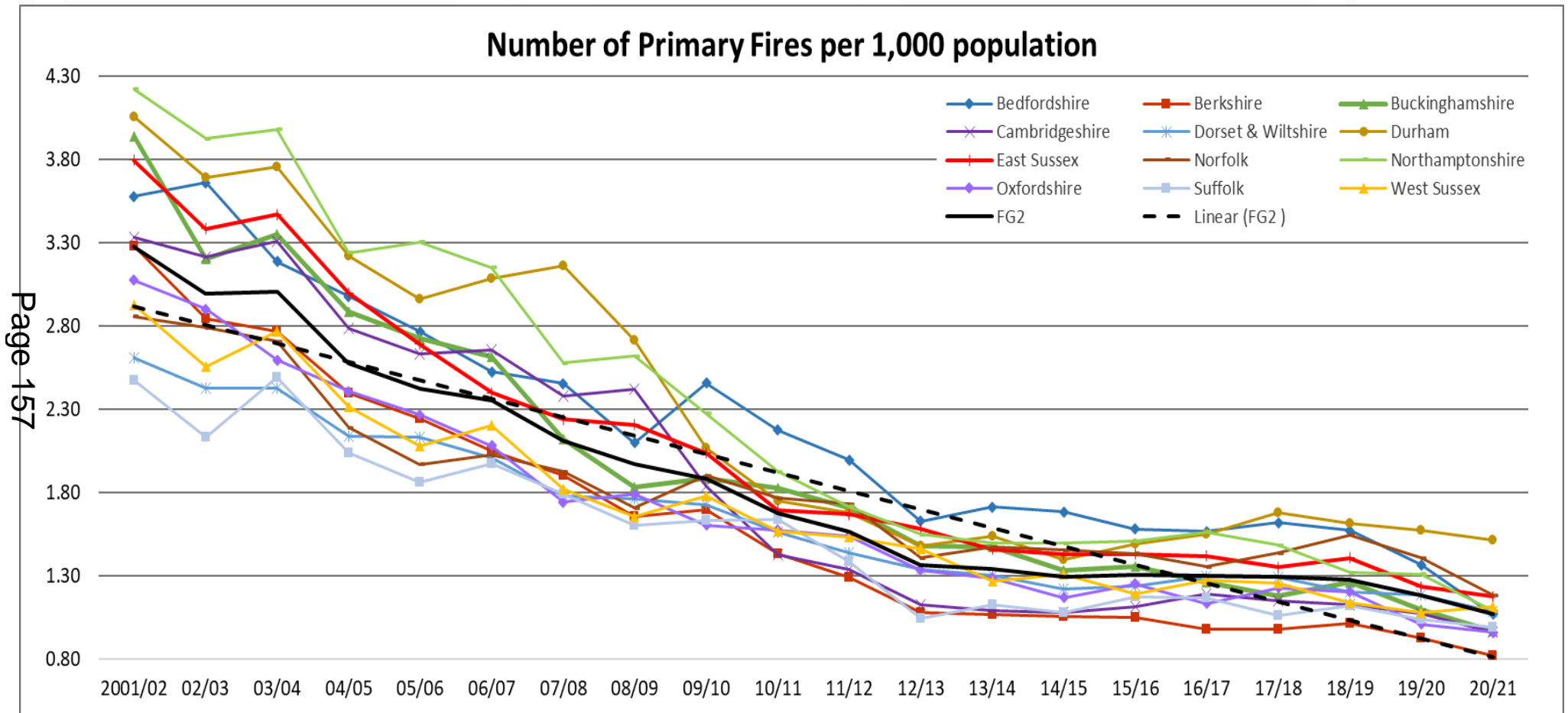


Chart 19: The number of Primary Fires per 1,000 population. (Source - Home Office Incident Recording System, Fire statistics table 0102: Incidents attended by fire and rescue services in England, by incident type and fire and rescue authority.)

Chart 20, below, shows the number of Accidental Dwelling Fires per 1,000 population for each FG2 member.

As with other Primary Fires, the number of Accidental Dwelling Fires has been reducing for a significant number of years. In 2020/21, ESFRS had 0.53 Accidental Dwelling Fires per 1,000 population. This was the highest rate in FG2.

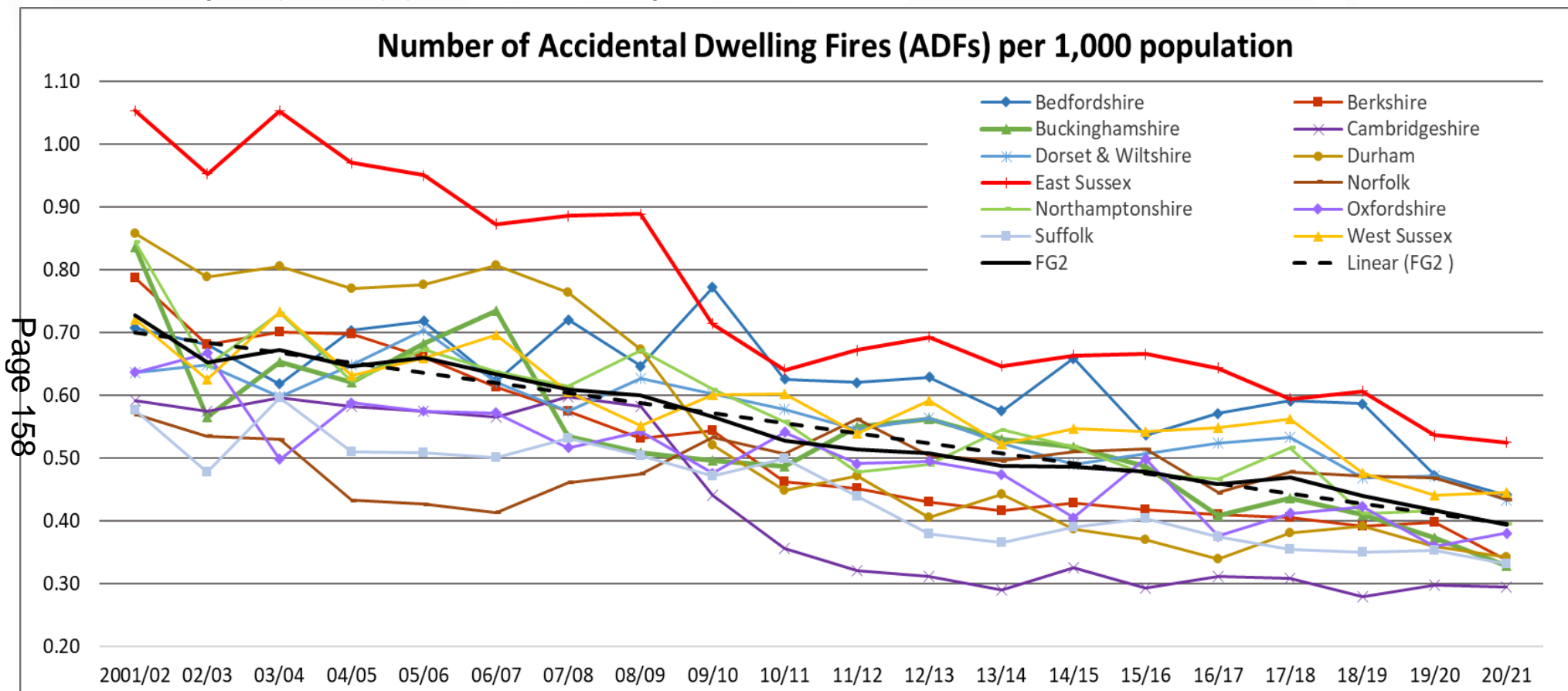


Chart 20: The number of accidental dwelling fires per 1,000 population. (Source - Home Office Incident Recording System, Fire statistics table 0202: Fires, fatalities and non-fatal casualties in dwellings by motive and fire and rescue authority, England.)

Chart 21, below, shows the number of Deliberate Primary Fires per 1,000 population for each FG2 member.

The number of Deliberate Primary Fires has significantly reduced since 2001/02, however, this improvement has levelled off since 2013/14 but only Durham FRS has experienced an increase over the last five years.

In 2020/21, ESFRS had 0.27 Deliberate Fires per 1,000 population. This was the 2nd highest in the FG2 group and above the FG2 average, 0.24.

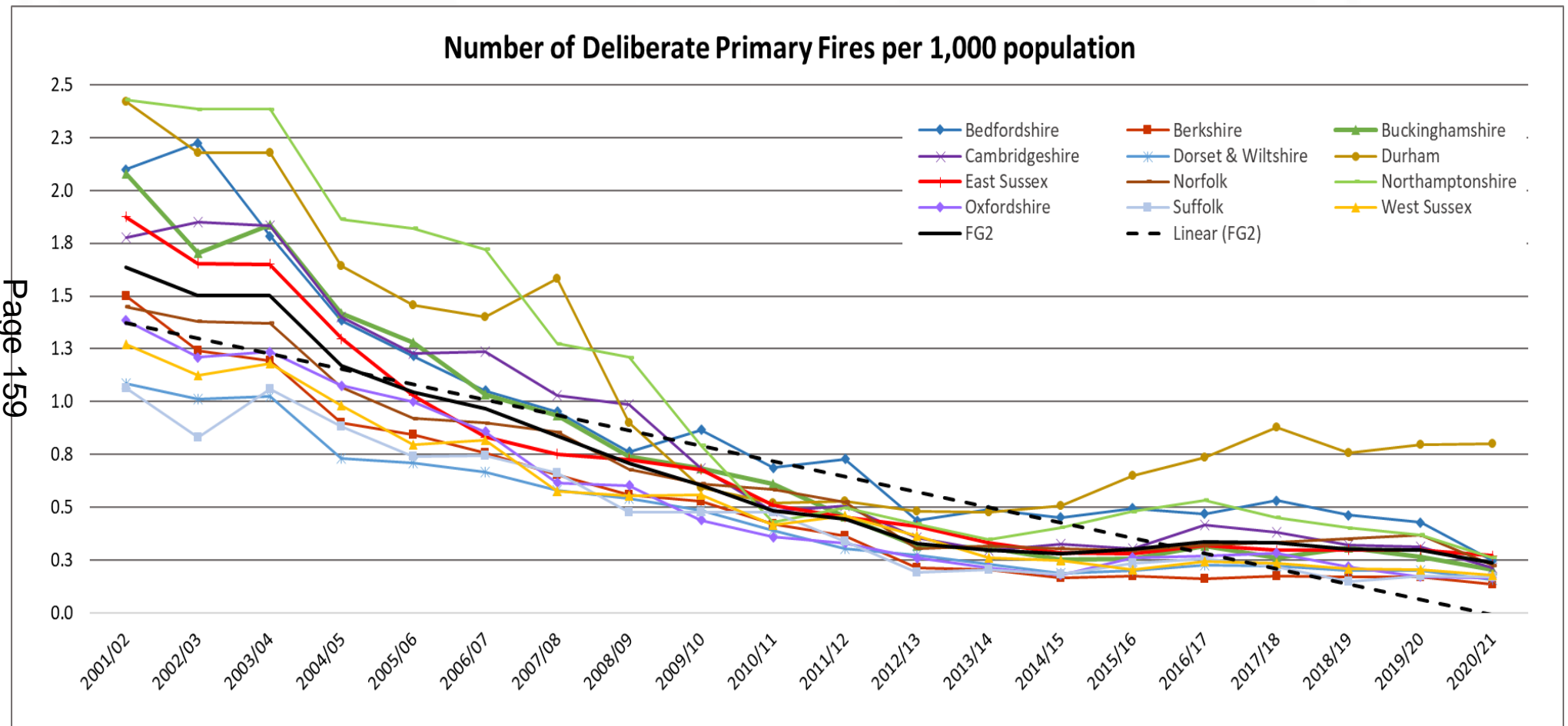


Chart 21: The number of Deliberate Primary Fires per 1,000 population. (Source - Home Office Incident Recording System, Fire statistics table 0401: Deliberate fires attended by fire and rescue services in England, by incident type and fire and rescue authority.)

Traditionally, Deliberate Secondary Fires can be difficult to predict but clearly the level of these incidents has been reducing over recent years, along with all main incident types.

Chart 22, below, shows that the rate of Deliberate Secondary Fires per 1,000 population has reduced since 2001/02 with the FG2 average down more than two-thirds (70.7%). However, three FG2 members experienced an increase last year including ESFRS. ESFRS is still below the FG2 average, which is distorted by the considerable difference in numbers of deliberate secondary fires in Durham.

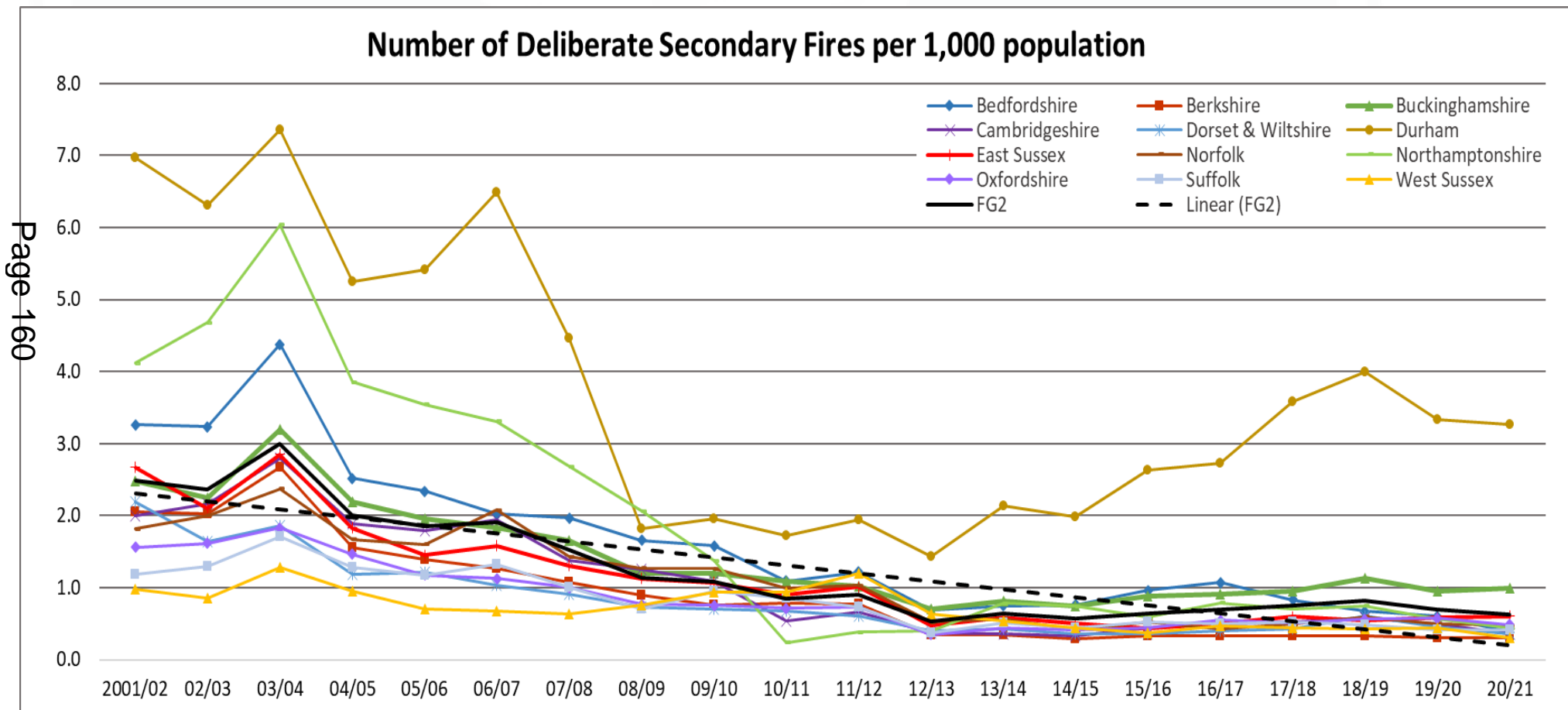


Chart 22: The number of Deliberate Secondary Fires per 1,000 population. (Source - Home Office Incident Recording System, Fire statistics table 0401: Deliberate fires attended by fire and rescue services in England, by incident type and fire and rescue authority.)

Chart 23 shows that FG2 average attendances at Automatic Fire False Alarms (AFAs) have been steadily reducing since 2001/02. The introduction and implementation of the Automatic Fire Alarms Reduction Policy at ESFRS in 2010 can clearly be seen with a reduction in numbers from 2010/11 onwards. However, since 2012, this decline has levelled off with the ESFRS having the highest rate at 5.25 compared to the FG2 average of 3.74 AFAs per 1,000 population.

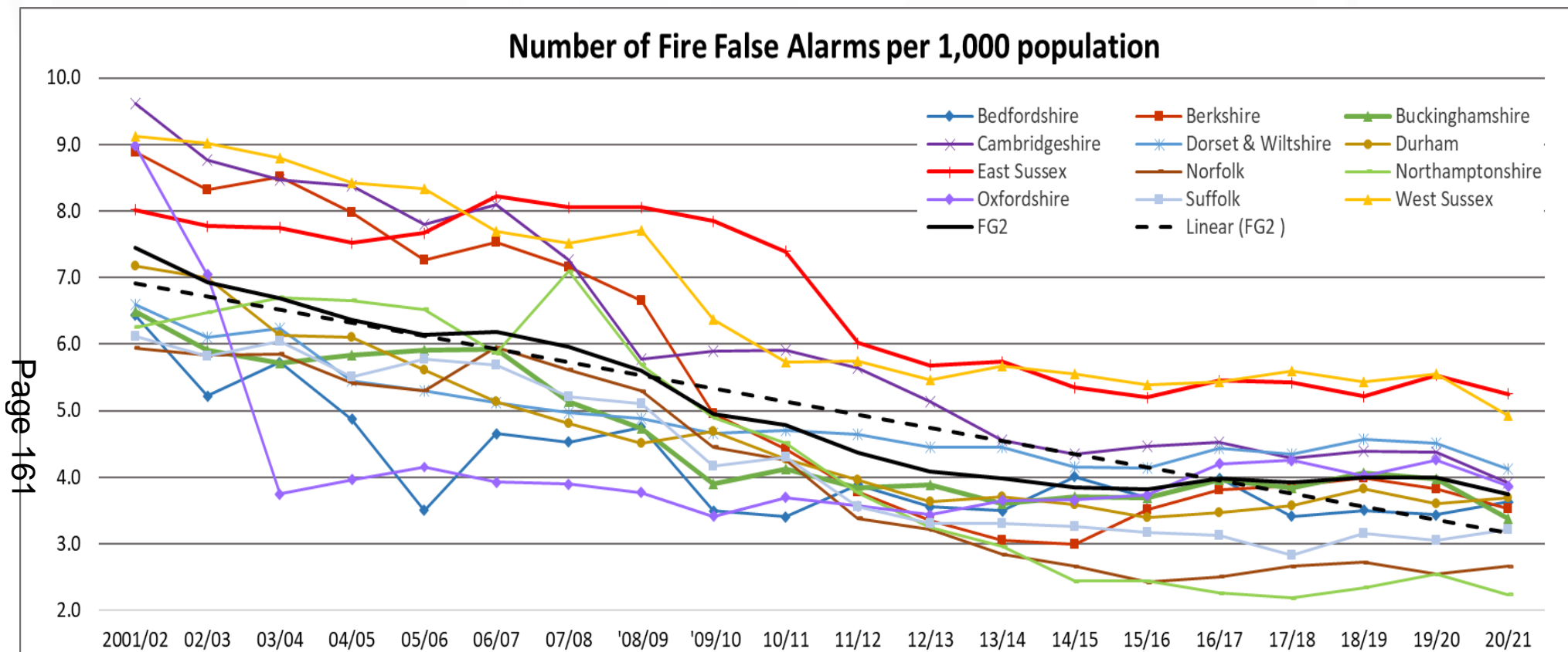


Chart 23: The number of Fire False Alarms per 1,000 population (total of false alarm good intent, false alarm malicious and false alarm due to apparatus calls). (Source - Home Office Incident Recording System, Fire statistics table 0102: Incidents attended by fire and rescue services in England, by incident type and fire and rescue authority.)

Chart 24 shows the number of Road Traffic Collisions (RTCs) per 1,000 population attended by FG2 fire services since 2009/10. Based on data supplied by the Sussex Safer Road Partnership, ESFRS attends approximately a quarter of all RTCs in its service area, notably this figure could vary among the other FG2 members. Overall, RTCs have remained uniform among the FG2 group up to 2019/20 with the exception to Norfolk, which has experienced considerable variation during this period.

In 2020/21, ESFRS attended 0.39 RTCs per 1,000 population a decline from 0.53 in 2019/20. This was the 6th highest among the FG2 members and below the FG2 average (0.40). This considerable decline from 2019/20 was owing to COVID 19 restrictions, which included the working from home rule. This significantly reduced the number of vehicles on the road for large parts of 2020/21, resulting in a decline of RTCs for all FG2 services by 29% compared to the previous year.

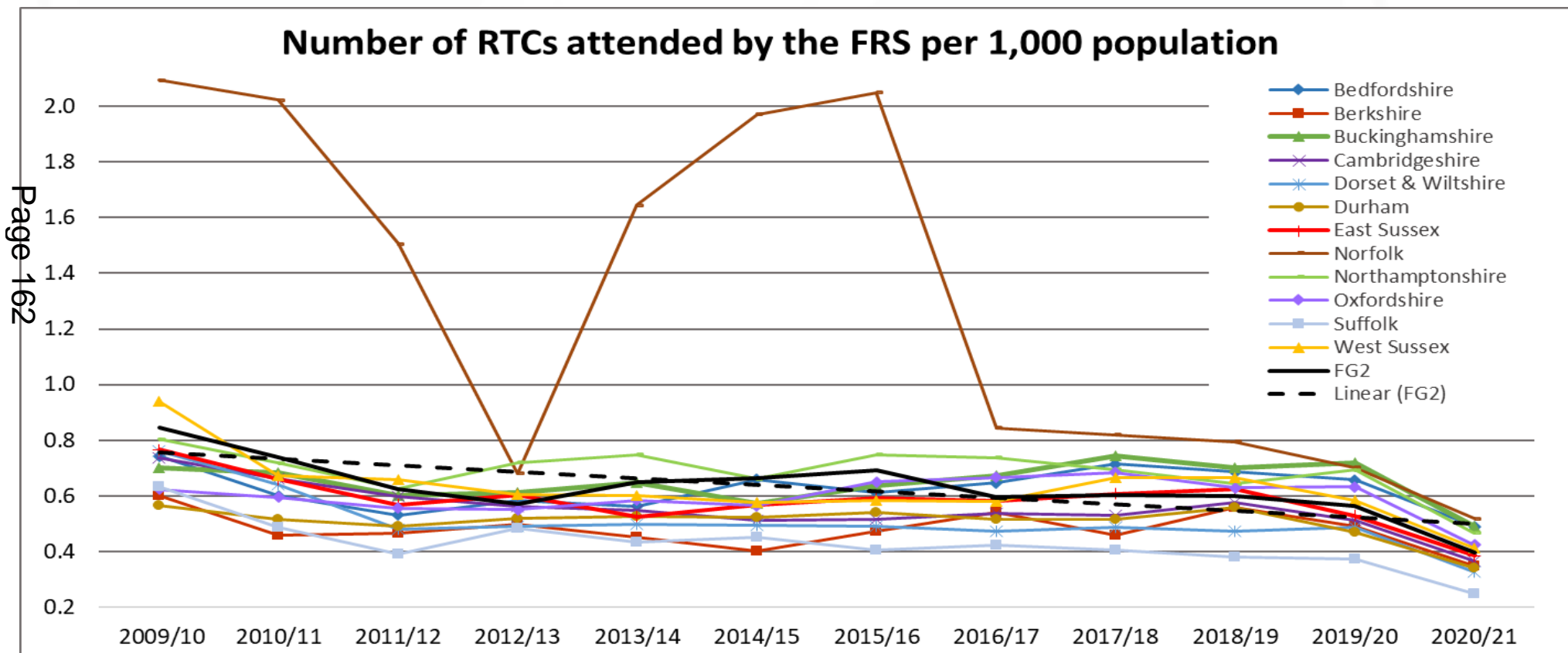


Chart 24: The number of Road Traffic Collisions (RTCs) per 1,000 population. (Source - Home Office Incident Recording System, Fire statistics table 0901: Non-fire Incidents attended by fire and rescue services in England, by incident type and fire and rescue authority.)

Chart 25 shows the number of Rescue or evacuation from water and Flooding incidents (which include, making safe, pumping out, advice only, standby and other) combined per 1,000 population since 2009/10. 87% of all Flooding incidents occur in dwellings. Overall, this data is varied, however, West Sussex, Durham and Norfolk have experienced the greatest variation during this period.

In 2020/21, ESFRS had the second highest number of incidents with 0.44 per 1,000 population and above the FG2 average of 0.28. However, since 2009/10 barring three years, ESFRS has had the highest number of incidents and remains significantly above the FG2 average.

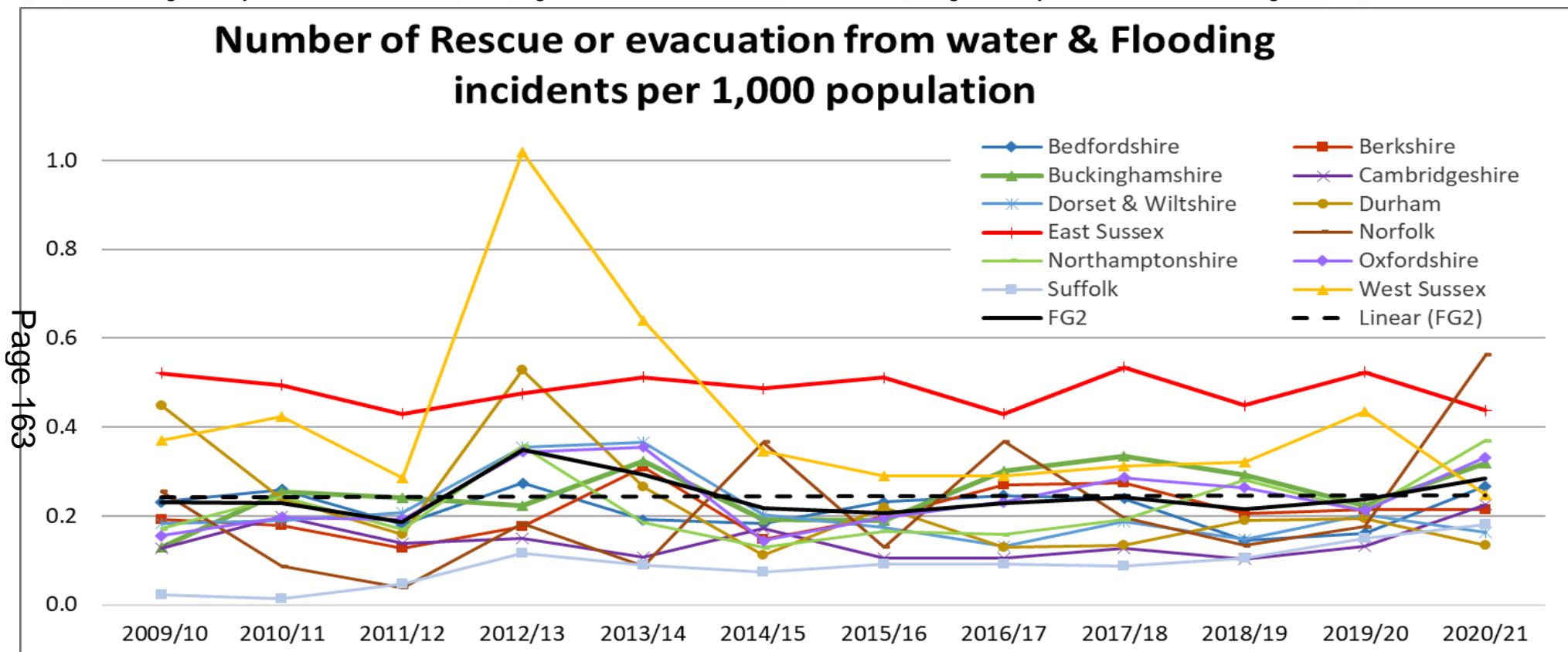


Chart 25: The number of Rescue or evacuation from water and Flooding incidents per 1,000 population. (Source - Home Office Incident Recording System, Fire statistics table 0901: Non-fire Incidents attended by fire and rescue services in England, by incident type and fire and rescue authority.)

Actual incidents: % reduction from 2001/02 to 2020/21 and FG2 rank

The following tables show the percentage reduction in actual incident numbers across all the members of FG2 from the charts provided above. The second column shows where ESFRS ranks in terms of improvement in reducing incidents over that period.

Primary Fires by Fire and Rescue Service: 2001/02 - 2020/21		
FRS Area	% Change from 2001/02 to 2020/21	FG2 Rank 2001/02 - 2020/21
Bedfordshire	-64.1%	7
Berkshire	-71.3%	1
Buckinghamshire	-70.8%	2
Cambridgeshire	-65.0%	4
Dorset & Wiltshire	-52.0%	12
Durham	-59.4%	8
East Sussex	-64.5%	5
Norfolk	-52.5%	11
Northamptonshire	-69.0%	3
Oxfordshire	-64.1%	6
Suffolk	-54.6%	10
West Sussex	-56.1%	9

All Fire False Alarms by Fire and Rescue Service: 2001/02 - 2020/21		
FRS Area	% change from 2001/02 - 2020/21	FG2 Position 2001/02- 2020/21
Bedfordshire	-32.4%	10
Berkshire	-54.5%	2
Buckinghamshire	-38.5%	8
Cambridgeshire	-50.9%	3
Dorset & Wiltshire	-28.1%	11
Durham	-44.2%	6
East Sussex	-25.1%	12
Norfolk	-48.8%	5
Northamptonshire	-57.1%	1
Oxfordshire	-50.6%	4
Suffolk	-40.3%	7
West Sussex	-37.9%	9

Accidental Dwelling Fires by Fire and Rescue Service: 2001/02 - 2020/21		
FRS Area	% Change from 2001/02 to 2020/21	FG2 Rank 2001/02 - 2020/21
Bedfordshire	-25.1%	10
Berkshire	-50.9%	3
Buckinghamshire	-53.5%	2
Cambridgeshire	-39.9%	6
Dorset & Wiltshire	-21.8%	11
Durham	-56.9%	1
East Sussex	-42.9%	5
Norfolk	-12.7%	12
Northamptonshire	-43.9%	4
Oxfordshire	-31.5%	8
Suffolk	-34.5%	7
West Sussex	-28.9%	9

Deliberate Secondary Fires by Fire and Rescue Service: 2001/02 - 2020/21		
FRS Area	% Change from 2001/02 to 2020/21	FG2 Rank 2001/02 - 2020/21
Bedfordshire	-85.9%	2
Berkshire	-82.9%	3
Buckinghamshire	-52.5%	11
Cambridgeshire	-78.4%	5
Dorset & Wiltshire	-81.3%	4
Durham	-49.2%	12
East Sussex	-74.1%	6
Norfolk	-69.9%	7
Northamptonshire	-87.3%	1
Oxfordshire	-64.3%	8
Suffolk	-60.4%	10
West Sussex	-64.2%	9

Average Response Times for all FG2 Fire and Rescue Services

Chart 26 shows the Average Response Times to dwelling fires for each FG2 member from 2009/10 to 2020/21. ESFRS is currently ranked 3rd.

In England, the Average Response Time to fires in dwellings for 2012/13 was 7.4 minutes. ESFRS's Average Response Time for the same year was 6.9. In 2020/21, England's response rate increased to 7.6 minutes, whereas ESFRS increased to 8.1 minutes, therefore, now above the national average. The chart below shows that there is a slight decrease in Average Response Times for FG2 experienced in 2020/21. ESFRS is below the FG2 average of 8.6.

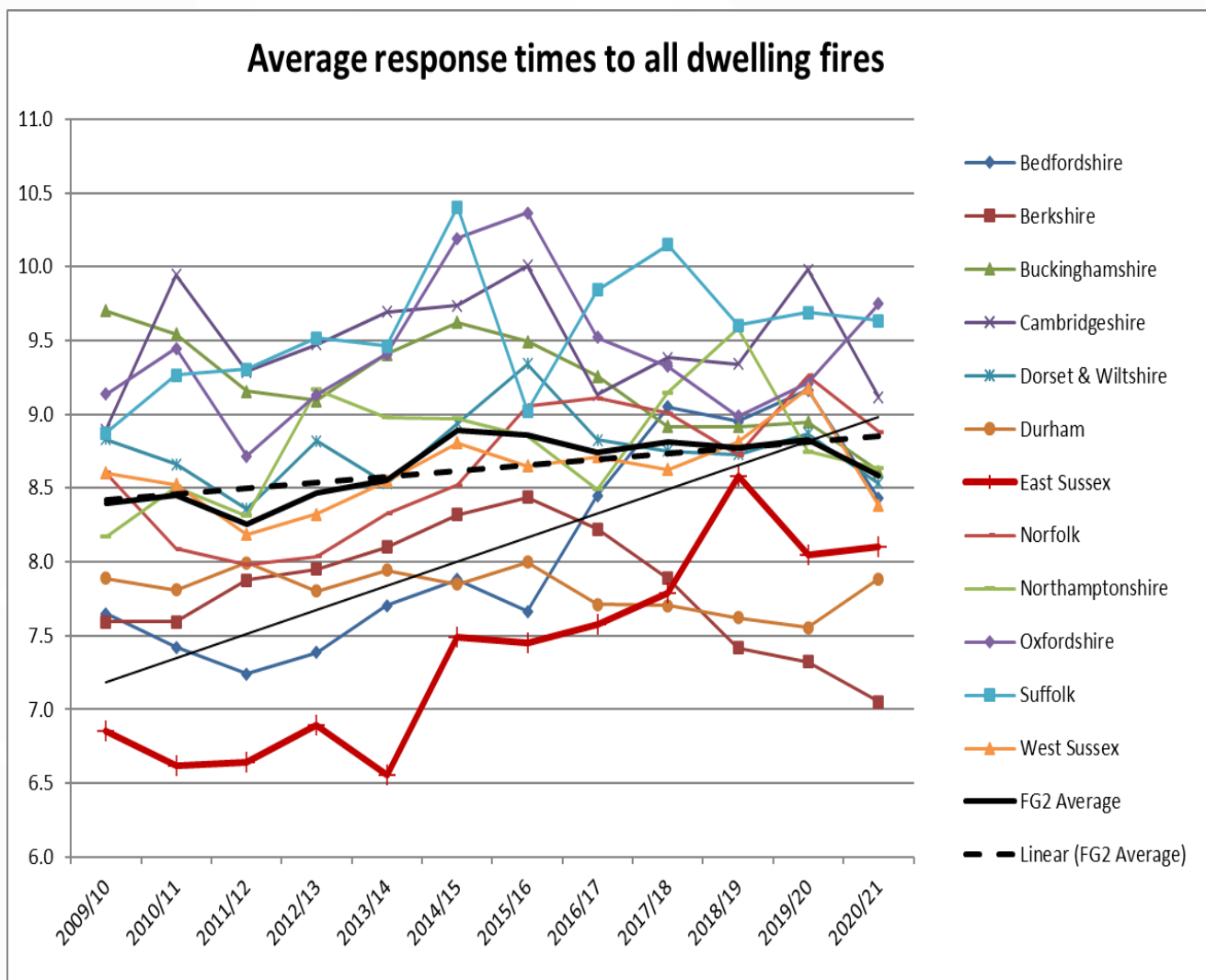


Chart 26: Average Response Times to dwelling fires. (Source - Home Office Incident Recording System, Fire statistics table 1001: Average response times for dwelling fires by fire and rescue authority, England)

Summary

- ESFRS, compared to the other FRS in FG2 in terms of population and properties, is most similar to Cambridgeshire and West Sussex.
- ESFRS covers the 3rd smallest area in FG2.
- ESFRS has a senior management structure similar in size, distribution and overall numbers to West Sussex and Dorset & Wiltshire.
- ESFRS has the 5th highest percentage change in WT firefighters, this 0.3% decrease equates to 1 WT operational post.
- ESFRS is 21.5% above the average number of WT firefighters with 356 (average 293) as of 31 March 2021 and has 15.2% less than the average On-call firefighters.
- ESFRS is above the FG2 average (19:1) for the ratio of firefighters to senior managers with 20:1. This is the joint 4th highest ratio of the group.
- ESFRS has a rate of 4.7 operational appliances per 100,000 population, this is above the average for FG2 with a rate of 4.2.
- ESFRS has a rate of 2.82 stations per 100,000 population this is the 5th lowest in FG2.
- ESFRS has one station for every 74.8 km², which is the 2nd highest density of stations per km² in FG2.
- ESFRS has the 3rd average net expenditure cost per domestic household and the 3rd highest cost per Council Tax Band D.
- ESFRS is currently (per 100 firefighters) above the FG2 average in operational injuries, currently ranked 2nd highest (same as in 2019/20) and below the average in training injuries, ranked 3rd lowest (7th lowest in 2019/20).
- ESFRS has the 4th highest proportion of female firefighters across FG2, with 8.1% of WT firefighters. This figure is above both the national average of 8.0% and the FG2 average of 6.8%. In terms of actual numbers, ESFRS has the highest number of female WT firefighters with 29 among FG2 down 2 from 2019/20.
- ESFRS has the 5th lowest proportion of ethnic minority staff across the FG2 with 2.4%. This is below the proportion of ethnic minority residents in the ESFRS service area of 6.4%.
- ESFRS has the equal 5th highest number of ethnic minority WT firefighters with 8.
- ESFRS lost 7.04 duty days per employee among WT and Control staff due to sickness in 2020/21, down from 10.77 in 2019/20. The FG2 average for 2020/21 is 6.89 duty days lost per employee.
- ESFRS lost 5.56 shifts per employee among non-uniformed staff due to sickness in 2020/21, which is above the FG2 average of 4.82.
- ESFRS completed 19.1 Homes Safety Visits per 1,000 occupied domestic dwellings in 2020/21, the 2nd highest among FG2.
- ESFRS completed 10.7 Fire Safety Audits per 1,000 non-domestic properties. This is the 4th lowest among FG2.
- ESFRS has attended to 62.9% less fires (5,352 in 2001/02 down to 1,987 in 2020/21). Each FRS across the country has experienced similar reductions.
- ESFRS in 2020/21 had 0.53 Accidental Dwelling Fires per 1,000 population, which was the highest rate among FG2.
- ESFRS attends the 2nd highest numbers of incidents overall among FG2. The incidents most attended by ESFRS involve Fire False Alarms, accounting for 45.9% of all incidents (see table 6 overleaf for total incidents attended by FG2).
- ESFRS ranks 3rd for average response times to all dwellings with 8m 06s among FG2 but is above the national average of 7m 36s.

Table 6 – Total Incidents attended per FRS in Family Group 2

FRA	Primary Fires	Secondary Fires	Chimney Fires	False Alarm Apparatus	False Alarm Malicious	False Alarm Good Intent	Road Traffic Collision (RTC)	Other Transport incident	Medical Incident - First responder	Medical Incident - Co-responder	Flooding	Rescue or evacuation from water	Effecting entry / exit	Lift Release	Other rescue / release of persons
	I	I	I	I	I	I	I	I	h	h	I	I	I	I	I
Bedfordshire	730	847	24	1,576	55	842	335	9	113	114	163	19	314	51	32
Berkshire	756	912	37	2,042	55	1,146	322	15	21	38	181	16	415	136	51
Buckinghamshire	795	1,083	39	2,184	62	516	402	17	14	863	233	27	284	71	38
Cambridgeshire	830	875	30	2,150	41	1,170	315	12	12	39	160	34	82	20	55
Dorset & Wiltshire	1,637	1,548	173	3,931	132	2,144	491	23	31	217	214	32	819	125	138
Durham	973	2,336	62	1,012	40	1,315	220	5	49	2	78	8	117	13	25
East Sussex	1,002	900	85	3,134	71	1,262	328	9	46	61	361	11	557	243	66
Norfolk	1,085	878	105	1,363	58	1,008	475	20	27	1	451	63	440	44	93
Northamptonshire	826	665	47	653	67	972	354	18	9	164	253	27	96	39	59
Oxfordshire	670	552	80	2,110	23	561	296	13	9	139	199	32	253	43	24
Suffolk	754	886	93	1,582	51	817	189	4	22	0	104	33	88	16	61
West Sussex	971	789	92	3,222	95	963	358	7	26	8	204	10	475	116	84
FG2 Average	919	1,023	72	2,080	63	1,060	340	13	32	137	217	26	328	76	61
National results - England	61,912	86,069	3,105	140,148	4,815	71,186	22,522	882	3,995	9,848	14,921	1,470	24,241	7,931	3,996

FRA	Animal assistance incidents	Removal of objects from people	Hazardous Materials incident	Spills and Leaks (not RTC)	Making Safe (not RTC)	Suicide/ attempts	Evacuation (no fire)	Water provision	Assist other agencies	Advice Only	Stand By	No action (not false alarm)	Malicious False Alarm	Good Intent false alarm	Total
	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
Bedfordshire	80	49	31	17	29	12	4	0	454	23	2	35	1	83	6,044
Berkshire	62	62	56	17	36	19	3	0	130	40	0	87	0	107	6,762
Buckinghamshire	62	84	61	28	27	19	6	0	149	16	0	111	2	91	7,284
Cambridgeshire	132	64	29	19	19	32	15	2	280	5	3	58	0	24	6,507
Dorset & Wiltshire	182	136	79	75	72	56	10	1	575	47	8	108	9	199	13,212
Durham	65	95	44	20	41	35	4	0	71	2	6	56	0	55	6,749
East Sussex	177	102	32	67	153	32	4	1	812	42	3	101	0	72	9,734
Norfolk	165	78	60	61	88	78	4	1	735	23	2	30	1	72	7,509
Northamptonshire	67	72	54	43	36	26	2	2	178	27	2	47	1	57	4,863
Oxfordshire	50	48	50	23	28	13	2	0	98	8	0	80	1	71	5,476
Suffolk	98	53	35	7	16	14	2	0	280	7	2	76	0	19	5,309
West Sussex	108	121	45	86	71	25	4	0	637	29	7	71	0	53	8,677
FG2 Average	104	80	48	39	51	30	5	1	367	22	3	72	1	75	7,344
National results - England	5,159	5,632	3,017	2,677	3,737	2,095	670	24	20,017	2,223	243	9,048	189	6,491	518,263



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EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny and Audit Panel
Date	21 July 2022
Title of Report	Performance and Corporate Strategy monitoring report for Quarter 4 2021/22
By	Liz Ridley, Assistant Director – Planning and Improvement
Lead Officer	Sharon Milner, Planning and Intelligence Manager Marcus Whiting, Performance Analyst

Background Papers	Corporate Strategies Activities Monitoring Plan Quarter 4 2021/22 - Assurance Performance and Governance Group Performance Report for Quarter 4 2021/22 - Assurance Performance and Governance Group Performance and Corporate Strategy monitoring report for Quarter 4 2021/22 – Senior Leadership Team
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Appendices	Appendix 1 – Performance report Quarter 4 2021/22
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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	
FINANCIAL		POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT	To present the 4 th quarter and end of year performance results for 2021/22.
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EXECUTIVE SUMMARY	This report provides the Scrutiny and Audit Panel with information for the 4 th quarter of 2021/22 and year end results.
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The report contains information against 21 indicators.

Due to the national pandemic, the Service adapted new models of service delivery including telephone home safety visits and business safety audits throughout 2020/21. Face to face visits were reintroduced across the Service again from 19 July 2021 in line with the relaxation of Government restrictions. Therefore these indicators remain incomparable

for the current year (2021/22) against the previous one and no direction of travel is included in these areas.

RECOMMENDATION

The Panel is asked to:

1. Consider the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix 1
 2. Note that work is continuing to refresh the set of performance measures reported at the Scrutiny & Audit Panel.
-

1. INTRODUCTION

- 1.1 This report compares the performance indicator results of quarter 4 and the year-end indicator results for 2021/22 against the results for the same periods in the previous year. The direction of travel column in Appendix 1 compares the Service's performance at the year-end in the current year against the previous one.
- 1.2 All face to face prevention and protection interactions were re-started on 19 July in line with the lifting of Government restrictions due to COVID. This report includes all indicator results, but only shows the previous year comparison against 16 of the total 21. These indicators are number of home safety visits completed; inspections of high risk premises; business safety audits undertaken by fire station crews; number of business safety engagement events; and number of attendees at business safety engagement events. All these indicators were directly affected by the change in service delivery due to the pandemic in 2020/21 and quarter 1 of 2021/22.

2. MAIN ISSUES

2.1 Quarter 4 results

- 2.2 Three of the 16 indicators are showing an improvement in performance against the same quarter in the previous year and thirteen are showing a decline. Attendance standard data, missing from the previous quarterly reports this year has been produced from quarter 3 following the move to Joint Fire Control.
- 2.3 Of those reporting a decline in performance, seven indicators are reporting at least a 10% decline in performance against quarter 4 2020/21. These are:
- (i) Total number of incidents attended
 - (ii) Total number of fatalities in primary fires
 - (iii) Total number of accidental dwelling fires
 - (iv) Total number of primary fires
 - (v) Total number of deliberate fires
 - (vi) Total number of commercial and Industrial fires
 - (vii) The number of working days/shifts lost due to sickness not to exceed 7.5 per employee (see 3.5.1).
 - (viii) A 32% reduction of automatic fire alarms (AFA) from the base year result of 2009/10

2.4 Year end results

2.5 Eight of the 16 indicators that are reported against are showing an improvement in performance against the previous year and eight are showing a decline. Attendance standard data, missing from the previous quarterly reports this year has been produced from quarter 3 following the move to Joint Fire Control.

2.6 Of those reporting a decline in performance, four indicators are reporting at least a 10% decline in performance against the previous year 2020/21. These are:

- (i) Total number of incidents attended
- (ii) Total number of fatalities in primary fires
- (iii) The number of working days/shifts lost due to sickness not to exceed 7.5 per employee (see 3.5.1)
- (iv) A 32% reduction of automatic fire alarms (AFA) from the base year result of 2009/10

3. PERFORMANCE PRIORITY AREAS

3.1 The Fire Authority priorities as agreed by the Scrutiny and Audit are listed below:

1. Reducing accidental dwelling fires
2. Confining the fire to the room of origin
3. Reducing attendance at false alarm calls
4. Increasing the number of home safety visits to vulnerable members of our community
5. Reducing sickness
6. Increasing inspections in high risk premises
7. Numbers of home safety visits

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

3.3 Reducing accidental dwelling fires

3.3.1 In quarter 4 2021/22, ESFRS attended 126 accidental dwelling fires (ADFs), this is an increase of 30 against the same period in the previous year. This may be due to the fact that England was under another COVID lockdown period in quarter 4 2020/21. However, the end of year result for ADFs shows a continued improvement in performance in this area with 431 against 444 in the previous year. This is the lowest number of accidental dwelling fires ever recorded by ESFRS and will show a 3% decrease against 2020/21.

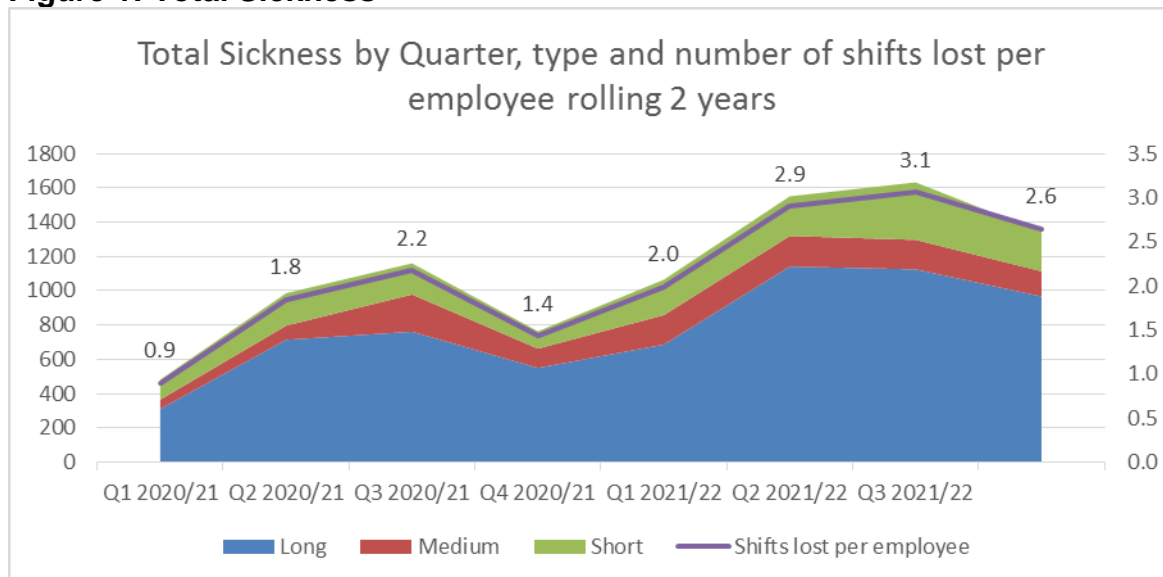
3.4 Increasing the percentage of home safety visits that we complete with the more vulnerable members of our community

3.4.1 In quarter 4 we delivered 94.2% of our home safety visits to vulnerable people within our community; this is a small decrease against the previous year (96.6%). This contributed to an end of year result of 95.0% this was 95.6% in 2020/21. The majority of this work up to 19 July 2021 was undertaken over the telephone due to the COVID-19 pandemic restrictions.

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

- 3.5.1 Figure 1 shows that in quarter 4 2021/22, ESFRS lost 2.6 shifts per person to sickness (1.4 in the previous year's quarter 4). The 2021/22 end of year result is 10.5, which is above the target of 7.5 and also above the 2020/21 end of year result (6.6 shifts lost due to sickness per employee).

Figure 1: Total Sickness



- 3.5.2 Table 1 shows the shifts lost broken down by absence code due to COVID-19 in Quarter 4. These COVID-19 related absences are not included in the overall sickness figures.

Table 1: COVID related absence for Quarter 4 2021/22

COVID Other Absence code	Number of employees affected	Number of shifts lost
COVID-19 (medically confirmed)	144	638.3
SELF-ISOLATION (at risk)	1	5
SELF-ISOLATION (household showing symptoms)	23	71.02
SELF-ISOLATION (individual showing symptoms)	64	247.4
SELF-ISOLATION (instructed by ESFRS)	18	74.4
SELF-ISOLATION (NHS Track & Trace)	2	16
SELF-ISOLATION (quarantining post holiday)	1	1.5
Total	253	1053.62

- 3.5.3 Table 2 shows the shifts lost broken down by absence code due to COVID-19 for 2021/22. These COVID-19 related absences are not included in the overall sickness figures.

Table 2: COVID related absence for 2021/22

COVID Other Absence code	Number of employees affected	Number of shifts lost
COVID-19 (medically confirmed)	224	1134.4
SELF-ISOLATION (at risk)	36	83.7
SELF-ISOLATION (household showing symptoms)	145	563.9
SELF-ISOLATION (individual showing symptoms)	124	480.8
SELF-ISOLATION (instructed by ESFRS)	80	321.6
SELF-ISOLATION (NHS Track & Trace)	39	145.6
SELF-ISOLATION (quarantining post holiday)	9	22.5
Total	657	2752.5

3.5.4 Figures 2 and 3 contain information on whole-time, and support staff sickness split into long term, medium term and short term sickness respectively by quarter for the previous rolling 2 year period.

Figure 2: Whole-time sickness

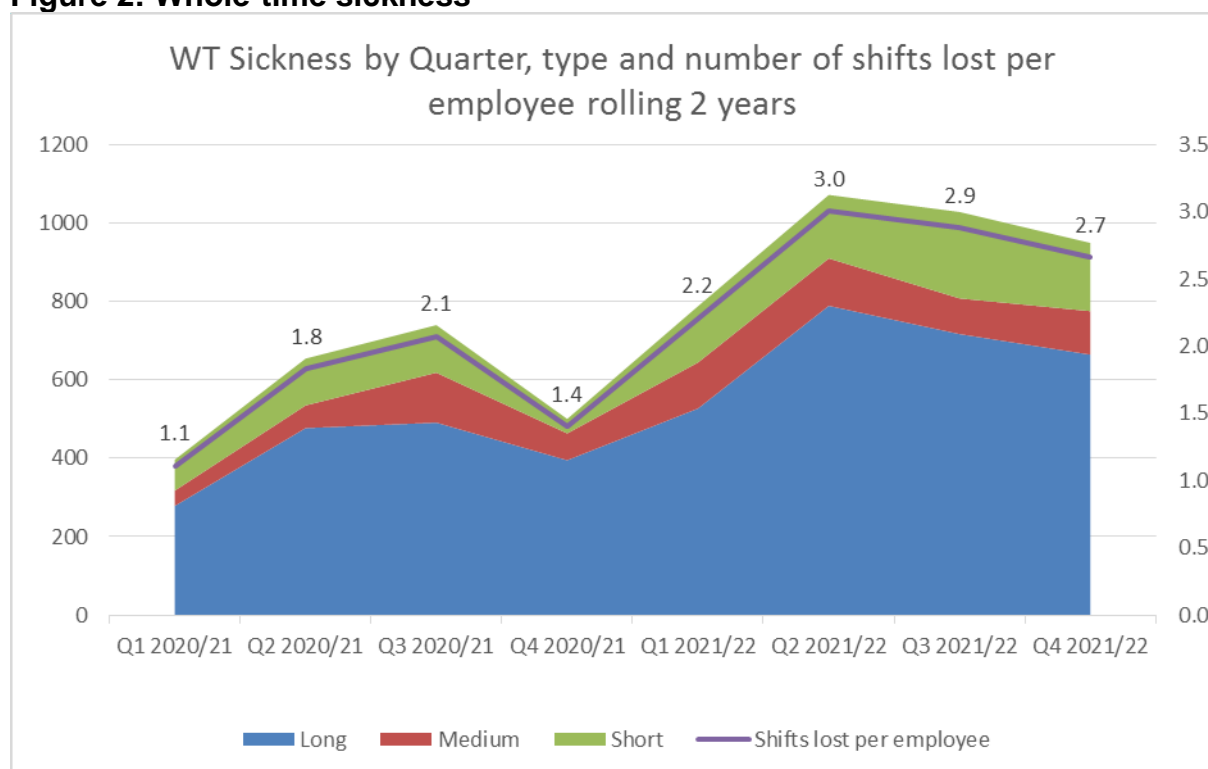
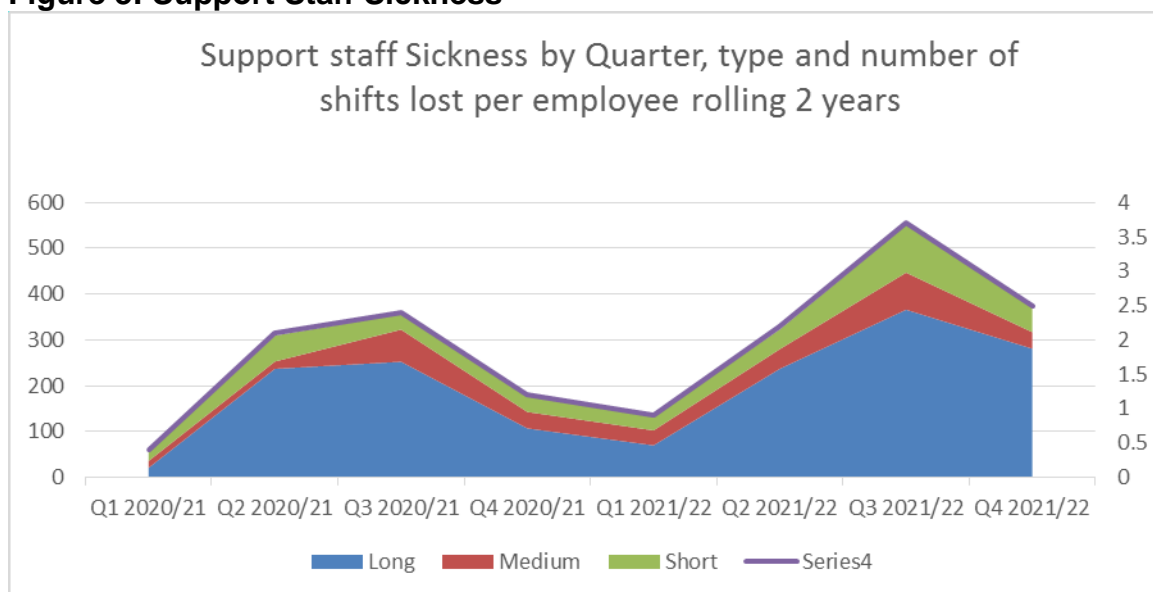


Figure 3: Support Staff Sickness



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

- 3.6.1 False alarm calls attended in quarter 4 2021/22 have increased compared to quarter 4 in 2020/21. In quarter 4 last year there was a 36.1% reduction since 2009/10 compared to 24.5% in the current quarter 4. The 2021/22 end of year result shows a reduction of 22.1% which is below the 32% target set.
- 3.6.2 A more in depth investigation into this decline in performance shows this increase in attending AFA calls relates to the move to Joint Fire Control on 16 November 2021. From this date to the end of March 2022 there was only an 18% decrease in attendances at AFA calls against the base data of 2009/10. This will be addressed with the introduction of the UwFS policy in April 2022.
- 3.6.3 105 more AFA calls were attended in quarter 4 2021/22 (685) against the same quarter in the previous year.

3.7 Percentage of accidental fires confined to the room origin.

- 3.7.1 90.5% of ADFs were confined to room of origin at the end of quarter 4 2021/22, a decrease in performance against the previous year quarter when the result was 91.7%. There is also a very small decline on the 2021/22 year end result with 90.3% against 90.5% in 2020/21.

3.8 Inspections of high risk premises completed

- 3.8.1 In quarter 4 face to face inspections continued and 128 were completed. As only telephone audits were undertaken in 2020/21 due to the pandemic and ensuing lockdown, these figures are incomparable at this time. The year end result for completed audits is 470.

3.9 Operational fire safety checks completed

- 3.9.1 Crews completed 398 fire safety checks in quarter 4 2021/22. As only telephone operational fire safety checks were undertaken in 2020/21 due to the pandemic and ensuing lockdown, these figures are incomparable at this time. The year end result for completed audits is 950.

3.10 Numbers of Home Safety Visits completed

- 3.10 Community Safety teams and operational crews completed 2,486 Home Safety Visits in quarter 4. However this cannot be compared with the same quarter in the previous year as the Service had adopted a range of different interactions due to the pandemic lockdown. These included telephone HSVs, a befriending service and drop offs of equipment and smoke alarms. The data in these two quarters is, therefore, not comparable. The year end result for face to face HSVs is 6,765, a further 2,599 telephone HSVs were recorded prior to the lifting of restrictions in July 2021.

3.11 Other areas showing a decline in performance

- 3.11.1 Total incidents attended have risen by 457 incidents in comparison to the same quarter last year. The Service attended 886 more incidents than it did in 2020/21. Comparisons over recent years are difficult due to the pandemic. It appears that total incidents attended are more similar to pre covid years as 10,128 incidents were attended in 2019/20. This indicator also measures assistance to other agencies. As part of the indicator refresh, we will be proposing to split assist other agencies into a separate measure.
- 3.11.2 Sadly four people lost their lives in fires in 2021/22. Each fatal fire is subject to a robust review as we are committed to reducing the number of incidents by understanding the underlying causes of incidents and developing appropriate preventative strategies.
- 3.11.3 The Services' attendance standards are showing a slight decline in performance against the previous quarter and year end result. This could be attributed to the increase in incidents attended this year. As with the total incidents attended indicator, attendance standards are more comparable to pre covid figures.

4. ROAD TRAFFIC COLLISION (RTC) DATA

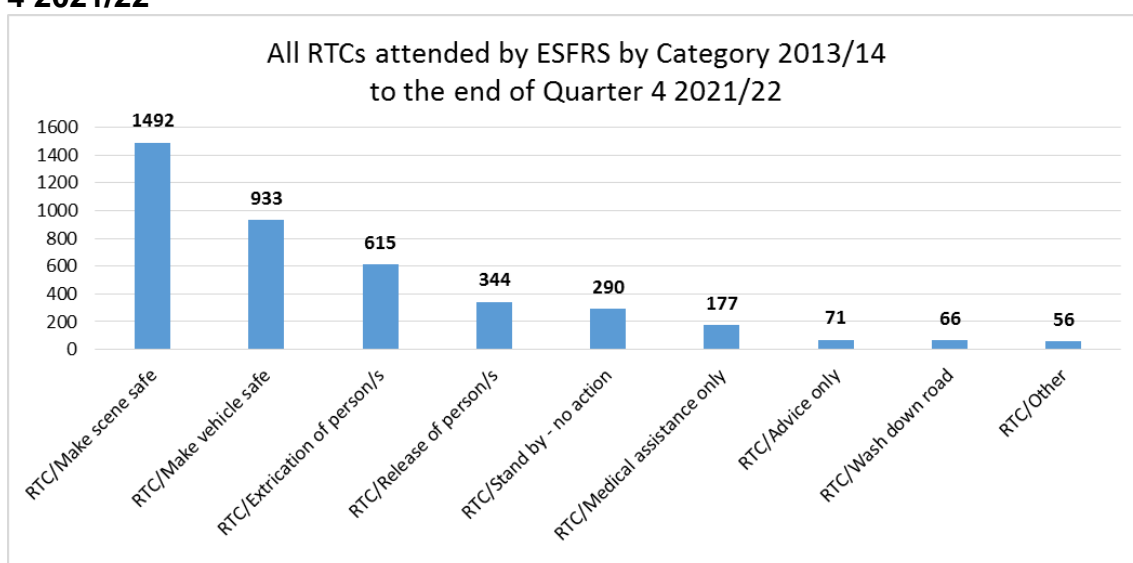
- 4.1 The following section contains information from the Sussex Safer Roads Partnership (SSRP) and internal data. ESFRS attend on average 18% of RTCs attended by Sussex Police. Sussex Police only report RTCs where a casualty is involved, whereas ESFRS RTCs, for example include 'Making the scene safe' and 'Making the vehicle safe'. Table 2 shows that there has been a considerable drop in the total number of RTCs across East Sussex as attended by Sussex Police in the last financial year. With regard to ESFRS attendance to RTCs, this has declined in the last two financial years following an increase up to 2018/19. The large drop in 2020/21 is most certainly attributable to the COVID-19 pandemic with much of the community sticking to local areas and much reduced travel across the service area during lockdown. Figures have increased in 2021/22 owing to the easing of lockdown since March 2021. On the 19 July 2021 the lockdown had all but been ended.

Table 3: Number of ESFRS attended RTCs against the numbers of RTCs with casualties attended by Sussex Police in East Sussex

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
RTC ESFRS total attended	426	462	487	479	506	518	443	319	404
East Sussex all RTCs	2,740	3,027	3,013	2,824	2,534	2,574	2,539	1,788	2,266
% of RTCs attended by ESFR:	16%	15%	16%	17%	20%	20%	17%	18%	18%

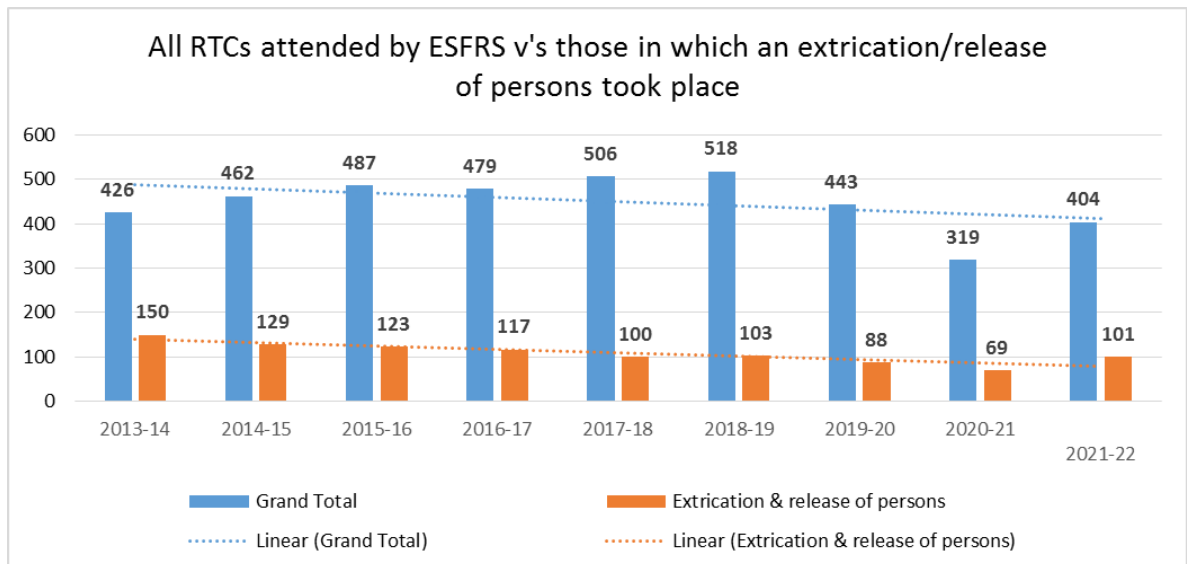
- 4.2 Chart 1 below shows the number of RTCs attended over an eight year period by type to the end of quarter 4 2021/22. The largest category ESFRS is called to is 'making the scene safe' with 1,492. The total number where we have extricated and or released people is 933 over the period.

Chart 1: All RTCs attended by ESFRS by Category 2013/14 to the end of Quarter 4 2021/22



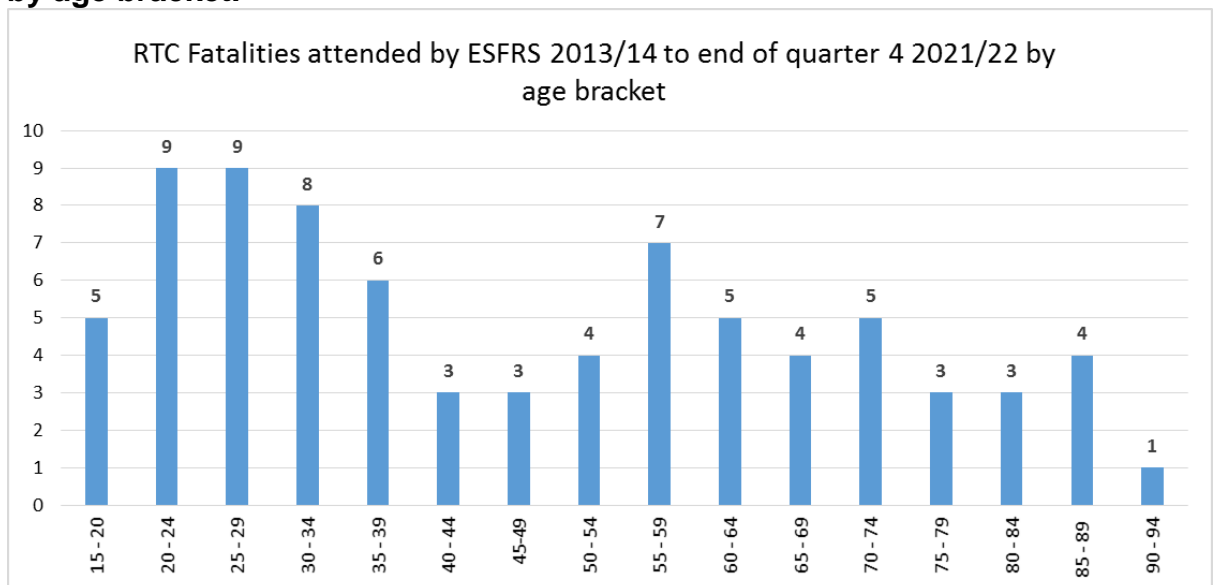
- 4.3 Chart 2 contains information on the number of RTCs attended against those in which an extrication or a release of persons took place. Both categories are showing a decreasing trend over the entire reported period. This chart includes a projected end of year result for 2021/22 based on current quarter 1 to 3 figures.

Chart 2: All RTCs attended by ESFRS v's those in which an extrication/release of persons took place



4.4 Chart 3 shows the age range of the fatalities in RTCs attended by ESFRS over the eight year period to end of quarter 22021/22. (NB If the age is not known these incidents have been excluded.) ESFRS attended four RTCS that involved fatalities in quarter 4.

Chart 3: RTC Fatalities attended by ESFRS 2013/14 to end of Quarter 4 2021/22 by age bracket.



5. DEVELOPMENT OF PERFORMANCE REPORTING

5.1 The Service adopted a strategic planning and performance assurance framework last year. The framework reflects the 'plan-do-review-revise' activity and provides the mechanism for linking objectives, priorities and resources throughout the framework – the so-called 'golden thread'. The framework has been written to provide a consistent, streamlined and joined-up approach to all performance activity throughout the organisation. It describes the relationship between the development of strategies, business plans and performance indicators which allow the Service to monitor progress.

- 5.2 As a Service we must ensure that we are able to monitor the performance of our purpose and commitments and that we are monitoring progress through accurately identified measures. There will be three categories of performance measures in use in the Service:
- Strategic measures (Tier 1) – high level outcome measures that provide a strong indication of organisational performance directly aligned to the delivery of the Purpose and Commitments. These measures are mainly derived from national indicators that enable the Service to benchmark its performance against other Fire and Rescue Services.
 - Service Measures (Tier 2) - input, output and outcome measures of Service objectives and some day to day activity. Each department shall determine these 'operational' measures. These might be informed by government requirements or may focus on service delivery and internal services provided between teams/departments/functions.
 - Local measures (Tier 3) input and output measures used in day to day management of staff and functions.
- 5.3 The Senior Leadership Team, along with service managers, have reviewed 129 Strategic (Tier 1) and service measures (Tier 2) indicators. The list is being reviewed further and will be shared with the newly appointed Performance Lead and the Chair of the Scrutiny and Audit Panel to determine the next steps.

6. SUMMARY OF PROGRESS AGAINST THE CORPORATE STRATEGIES

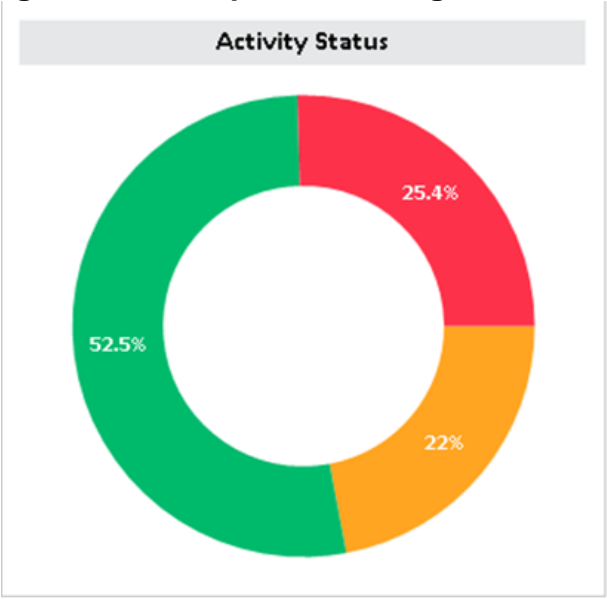
- 6.1 Corporate Strategies are monitored at the Assurance Performance and Governance Group (APGG) chaired by the Deputy Chief Fire Officer. The activities from the strategy action plans are uploaded onto a data base and are assigned a responsible owner who must provide an update on a quarterly basis. There are currently 118 agreed actions to progress the Services Strategies. It should be noted that some of the activities span a number of years. A detailed report is presented with commentary against the actions to the APGG. Figure 5 shows the summary of progress against the Corporate Strategies. The activities that are not completed as part of this year business plans are rolled over and continue to be monitored as part of the next year plans.

6.2 **Figure 5: Shows the summary progress against the Corporate Strategies**

**ACTIVITY SUMMARY
By Performance**

QTR 2 QTR3 QTR4

79	84	62	On Track
29	26	30	Off Track
9	8	26	Monitor
0	0	0	N/A





East Sussex

Fire & Rescue Service

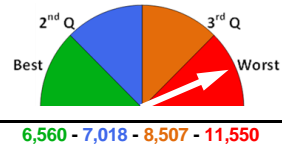
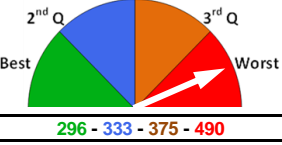
East Sussex Fire & Rescue Performance Results Quarter 4 and year end results 2021/22

JULY 2022

Our Purpose

We make our communities safer

We will do this by: Commitment 1: Delivering high performing services

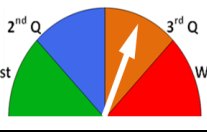
Indicator No.	How will we measure performance?	2020/21 Q4 result	2020/21 Year end result	National Quartile Position 2020/21	2021/22 Q4 result	Year end result 2021/22	Direction of travel from 2020/21 result
8	Total number of incidents attended	2,025	9,641		2,482	10,527	Declined
9	Number of deaths in primary fires	1	2		2	4	Declined
10	Number of injuries in primary fires	3	31		2	14	Improved
1 Priority	No of accidental dwelling fires	96	444		126	431	Improved
11	Number of primary fires	193	997		239	963	Improved
12	Number of deliberate fires	97	739		129	663	Improved
13	No of Industrial and Commercial fires	22	123	This is an ESFRS indicator only, no National data is available for comparison	28	114	Improved
14	70% of the first arriving appliances at any incident from an 'On-Station response' within 10 minutes	79.7%	77.9%	This is an ESFRS indicator only, no National data is available for comparison	77.3%	77.5%	Declined
15	70% of the first arriving appliances at any incident from an 'On-Call response' within 15 minutes	78.3%	77.5%	This is an ESFRS indicator only, no National data is available for comparison	72.4%	73.2%	Declined

Indicator No.	How will we measure performance?	2020/21 Q3 result	2020/21 Year end result	National Quartile Position 2020/21	2021/22 Q3 result	Projected end of year result 2021/22	Direction of travel from Q3 2020/21 result
14	70% of the first arriving appliances at any incident from an 'On-Station response' within 10 minutes	79.7%	77.9%	This is an ESFRS indicator only, no National data is available for comparison	77.3%	77.5%	Declined
15	70% of the first arriving appliances at any incident from an 'On-Call response' within 15 minutes	78.3%	77.5%	This is an ESFRS indicator only, no National data is available for comparison	72.4%	73.2%	Declined

We make our communities safer

We will do this by:

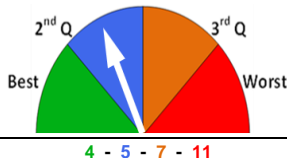
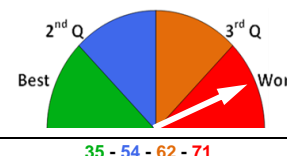
Commitment 2: Educating our communities

Indicator No.	How will we measure performance?	2020/21 Q4 result	2020/21 Year end result	National Quartile Position 2020/21	2021/22 Q4 result	Year end result 2021/22	Direction of travel from 2020/21 result
2 Priority	% of Home Safety Visits to vulnerable people	96.6%	95.6%	This is an ESFRS indicator only, no National data is available for comparison	94.2%	95.0%	Declined Alternative delivery method and face to face
6 Priority	Undertake 10,000 Home Safety Visits	N/a	N/a	 7,180 - 4755 - 2569 - 1905	2,486	6,765	Face to face resumed 19 July 2021
	Number of telephone HSVs completed (due to COVID-19 Pandemic)	2,076	7,180	This is an ESFRS indicator only, no National data is available for comparison	0	2,599	Alternative delivery method reverted to face to face 19 July 2021
7 Priority	Inspections of high risk premises completed	55	330	 772 - 490 - 356 - 222	128	470	Alternative delivery method / face to face resumed 19 July 2021
7a Priority	Business safety audits completed by Station crews	38	82	This is an ESFRS indicator only, no National data is available for comparison	398	950	Alternative delivery method / face to face resumed 19 July 2021
18	Number of business safety engagement events	3	6	This is an ESFRS indicator only, no National data is available for comparison	18	27	Alternative delivery method / face to face resumed 19 July 2021
19	Number of attendees at business safety engagement events	60	730	This is an ESFRS indicator only, no National data is available for comparison	159	247	Alternative delivery method / face to face resumed 19 July 2021

We make our communities safer

We will do this by:

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

Indicator No.	How will we measure performance?	2020/21 Q4 result	2020/21 Year end result	National Quartile Position 2020/21	2021/22 Q4 result	Year end result 2021/22	Direction of travel from 2020/21 result
3 Priority	The number of working days/shifts lost due to sickness not to exceed 7.5 per employee	1.4	6.6	This is an ESFRS indicator only, no National data is available for comparison	2.6	10.5	Declined
20	Number of RIDDOR incidents	3	6		1	5	Improved
21	Number of workplace reported accidents / injuries	50	195		28	149	Improved

We make our communities safer

We will do this by:

Commitment 4: Making effective use of our resources

Indicator No.	How will we measure performance?	2020/21 Q4 result	2020/21 Year end result	National Quartile Position 2020/21	2021/22 Q4 result	Year end result 2021/22	Direction of travel from 2020/21 result
4 Priority	A 32% reduction of automatic fire alarms (AFA) from the base year result of 2009/10	-36.1%	-35.2%	This is an ESFRS indicator only, no National data is available for comparison	-24.5%	-22.1%	Declined
22	% of AFA mobilised calls to properties covered by the RRO that were classified as a primary fire	1.4%	2.3%	This is an ESFRS indicator only, no National data is available for comparison	1.6%	1.3%	Improved
5 Priority	% of accidental dwelling fires confined to room of origin	91.7%	90.5%	This is an ESFRS indicator only, no National data is available for comparison	90.5%	90.3%	Declined

EAST SUSSEX FIRE AUTHORITY

Panel Scrutiny and Audit

Date 21 July 2022

Title of Report 2021/22 Annual report of East Sussex Fire and Rescue Service's (ESFRS) Local Firefighters' Pension Board

By John Olliver, Payroll, Pensions & HR Assurance Manager

Lead Officer Julie King, Assistant Director People Services

Background Papers Local Firefighters' Pension Board meeting held on 13 January 2022

Appendices None

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	
FINANCIAL		POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT To inform the Panel of the matters considered by the Pension Board during 2021/22.

EXECUTIVE SUMMARY The Board has met on four occasions during this year and considered reports on matters such as:

1. Terms of Reference (TOR) for the Pension Board
2. Policies and guides for the Board and the Firefighters Pension Scheme (FPS)
3. Current issues and updates relating to the Fire Authority's FPS

RECOMMENDATION The Panel is asked to note the annual report of the Firefighters' Pension Board for 2021/22.

1. **MEETINGS AND ATTENDANCE**

- 1.1 There were two Board meetings since our last report in October 2021 and were held in January and April 2022.

Board Member	Expected Attendance	Actual Attendance	% Attendance
Mr Matthews (Fire Leaders' Association)	2	2	100%
Mr Goodchild (Retained Firefighters' Union)	2	0	0%
Mr Herbert (Fire Brigades' Union)	2	0	0%
Mr Lloyd (Fire Officers' Association)	2	1	50%
Cllr Taylor	2	1	50%
Cllr Hamilton	2	1	50%
Cllr Tutt	2	2	100%
Cllr West	2	2	100%

2. **JANUARY 2022 PENSION BOARD MEETING**

- 2.1 The Pension Board considered the report of the Assistant Director People Services (ADPS) providing Members with an update on pension issues being addressed by the Fire Authority since the last meeting. The Pensions Technical Specialist (PTS) took the Board through each section of the report to provide a brief updated on key points and to allow for questions and discussion as necessary.
- 2.2 The Pension Board recorded its thanks to D Marshall for his work during his time as Assistant Director People Services (temporary) then welcomed J King who had taken on the role permanently.
- 2.3 The Pension Board discussed in detail matters relating to Immediate Detriment (ID) cases, with particular focus on the withdrawal of the Home Office (HO) Guidance on 29 November 2021, when the Government had established that dealing with ID was more complicated than had first been thought. The rescinding of this guidance had changed how the Fire Authority had to approach these payments. At its meeting on the 9 December 2021, the Fire Authority had agreed to pause ID Payments and requested that an update or revised position be taken to the next meeting of the Policy & Resources Panel. The PTS confirmed to the Board that this position had not moved on a great deal. The Service had seen the privileged Legal Advice from Bevan Brittan provided to the Local Government Association (LGA) which provided them with some further details, but which they were not permitted to share. The HO response had constituted a complete about turn on advice, where it had been to pay it, was now to not pay. It had also been made clear that there would be no Government assistance provided for costs incurred outside those of normal pension payments, including compensation, if it was made before the full legislation was in place.

- 2.4 The PTS added that the Scheme Advisory Board (SAB) had written an open letter to HM Treasury on the withdrawal of guidance requesting more information on the risks and uncertainties that they had mentioned in their assessment. This had not yet been responded to by the Treasury, but a verbal update was anticipated before the next Policy & Resources Panel meeting.
- 2.5 The Board asked how many imminent cases were affected, with particular concern being expressed about those relating to ill-health retirement. The PTS informed the Board that there were 6 cases due in the next 6 months and that 10 needed to be reviewed if it was decided to offer Category 2 payments. The Payroll, Pensions & HR Assurance Manager (PPHRAM) added that some immediate ID cases were due to retire in the next month. The Pension Board Chair requested that the P&R Panel be asked to look at the risks presented to the Fire Authority. The Board were informed that there was only one ill-health retirement anticipated but that this was significant as they would only be able to retire under ID. It was important to note though that if one person was dealt with under ID then ALL would need to be dealt with too, it could not be limited to those under ill-health only.
- 2.6 The Board asked if there was any estimate of the figures involved. The Assistant Director Resources/Treasurer (ADR/T) stated that it was massively unclear, officers were working on some estimates, but this was dependent on the receipt of legal advice and the response from the Treasury. There was great uncertainty as to what more information would be received, conversations between all parties were ongoing, including the NFCC. It was the ADR/T's view that when the Memorandum was approved there were no risk-free options available and that the risk had increased. There was also the moral obligation that the Fire Authority had to scheme members. It was felt that processing ID for those in category 1 were less risky than category 2.
- 2.7 The Board queried whether the reserve finances set aside by the Service was sufficient. The ADR/T explained that one cost would be to provide additional internal capacity to cover this and the budget proposal to P&R would cover this for 2 years. It did not include provision for extra costs from WYPF but there was funding in the reserve to cover potential software or non-scheme costs. Increases in employer contributions in the longer term, this would come through the next valuation of Schemes in 2023-25. Tactically as a Sector no provision had been made, the Government should fund this directly as it will be a hugely significant figure.
- 2.8 The PTS informed the Board that the LFA and FBU were updating their advice. Where they had originally been adamant that if you adapted framework, you had to implement it in full, they were now looking at whether to advise an adaptation of it as a piecemeal process. There was some uncertainty about whether, when agreed, this updated framework would be published.
- 2.9 The Board recorded some key hopes on behalf of the Scheme members:
- Accepting that it was difficult, Members would appreciate being provided with some clarity on costs and which were likely to be reimbursed or not;
 - The communication of risks to Members – particularly relating to repayments in the future;
 - Members were very anxious and it was important to keep them updated;

- Update Members that we have been advised that the LGA framework could be implemented more flexibly.

- 2.10 The Board then discussed payment of arrears due to some Members not being moved to multiplier contributions at the correct time. ESCC payroll had been asked to correct these and to calculate the figures that were now owed. ESCC had confirmed that they would be addressing this next month. The Chair of the Pension Board offered assistance, if required, as he was both an ESCC Councillor and a Member of their Pension Committee.
- 2.11 With regards to the national Guaranteed Minimum Pension (GMP) reconciliation and rectification exercise, the Pension Board were informed that the ADR/T had agreed the contract for the transfer of data from Mercers to WYPF.
- 2.12 The PTS confirmed that all actions contained within the LGA bulletins had been completed.
- 2.13 The Pension Board had undertaken training in early December 2021, conducted by the PTS, as the LGA were short-staffed and had cancelled all training. The LGA had contacted the PTS to confirm that they were now in the position to be able to deliver training again and had offered another session. The Board agreed to delay any further training until there had been further developments regarding ID.

RESOLVED – The Pension Board:

- noted the Fire Authority's current pension issues, actions taken to resolve them and actions awaiting completion; and
- did not identify any further information or assurance that was required from officers.

3. APRIL 2022 PENSION BOARD MEETING

- 3.1 The Pension Board considered the report of the Assistant Director People Services (ADPS) containing information updating those present with the status of current pension matters affecting East Sussex Fire & Rescue Service. The Pensions, Payroll & HR Intelligence Manager (PPHRIM) informed the Board that there had been no significant changes since the last meeting, but there had been lots of progress made on various matters.
- 3.2 The Risk Register had been due for review by the end of January 2022, particularly regarding Immediate Detriment (ID) cases and the withdrawal of Home Office (HO) guidance and the outcomes of the Policy & Resources (P&R) Panel on 20 January 2022. The Board were informed that, due to work being required to directly support retirees, there had not been as much progress on this as had been intended. The Chair acknowledged that those risks that were flagged as red were matters which were out of the control of ESFRS staff and accepted reassurance that this would progress as soon as possible.
- 3.3 The PPHRIM explained that there had been no movement on matters relating to the Age Discrimination Remedy or to the Immediate Detriment cases since the P&R

Meeting in January 2022, primarily due to a lack of advice from external advisors, namely the Home Office and HM Treasury. It remained the intention that an update paper be presented to the P&R Panel at its meeting in May 2022, although currently it was uncertain what the positioning of this paper would be. Correspondence was anticipated, including advice from HM Treasury and a letter had been sent to the Home Office by the Local Government Association and the FBU urging the HO to support payments under ID. The Board was reminded that the current government advice was that no one should be paid under ID until the law changes in October 2023. The PPHRIM added that ESFRS were currently recruiting for a Pensions Administrative Assistant/Accountant, the Job description had been approved and would be sent to employment agencies as soon as possible. The Board accepted this update and looked forward to a fuller update at the next meeting.

- 3.4 The PPHRIM then updated the Board on the progress that had been made regarding the Guaranteed Minimum Pension reconciliation and rectification project. West Yorkshire Pensions Fund had confirmed the receipt of data transferred from Mercers and were due to confirm timescales to the Service.
- 3.5 The PPHRIM informed the Board that the Service had recently completed its first Stage 2 Internal Dispute Resolution Process (IDRP) following an application from a retired employee. The Human Resources Panel had been convened to review the application and make its decision. In line with the agreed procedure, the Panel wrote to the applicant with the findings of their review and there were no further actions required.
- 3.6 The Board were provided with assurance that the LGA and Scheme Advisory Board bulletins had been actioned where applicable.
- 3.7 The PPHRIM concluded his update by committing to share dates of future LGA Pensions training sessions to all members.

4. CONCLUSION

- 4.1 Since this last Board meeting, Cllr Tutt has stepped down from the Pensions Board. Cllr Hamilton has agreed to Chair the Board going-forward and Cllr Unger has joined the group in Cllr Tutt's stead.
- 4.2 With these changes in mind, it was decided to cancel the July 2022 Board meeting and use the time set aside to ask the Local Government Association to run an additional training session for the Board members. This took place on 4 July 2022.

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EAST SUSSEX FIRE AUTHORITY

Panel	Scrutiny & Audit
Date	21 July 2022
Title of Report	Member Attendance 2021/22
By	Ellie Simpkin, Democratic Services Officer
Lead Officer	Abigail Blanshard, Senior Democratic Services Officer

Background Papers	Report to Fire Authority 13 June 2019: Member Attendance 2018/19
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Appendices	Appendix 1 – Member Attendance 2021/22: Formal Meetings Appendix 2 – Member Attendance 2021/22: Member Seminars
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Implications

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

PURPOSE OF REPORT	To report Member attendance at formal Fire Authority meetings, community events and Member briefing/development events for 2021/22.
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EXECUTIVE SUMMARY	Member attendance for all formal Fire Authority meetings was first reported at the Annual Fire Authority on 13 June 2019. At this meeting it was agreed that future reporting on Member attendance would be made to the Scrutiny & Audit Panel on an annual basis for monitoring purposes.
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A summary of Member attendance at formal meetings in 2021/22 is included at appendix 1 and attendance at Members Seminars at appendix 2. The Service's programme of open days and other community events, which was suspended throughout the Covid pandemic, re-commenced

in May 2022 and therefore the attendance is not included in this report.

RECOMMENDATION

That the Panel notes the Member attendance for 2021/22.

1. **INTRODUCTION**

- 1.1 Member attendance information is now publicly available on the East Sussex Fire & Rescue website through the ModGov system at:

<https://esfrs.moderngov.co.uk/mgUserAttendanceSummary.aspx>

- 1.2 This report covers the period from 15 June 2021 to 8 June 2022. During this time the following formal meetings have been held:

Full Fire Authority	4
Policy & Resources Panel	4
Scrutiny & Audit Panel	5
Principal Officer Appointment Panel	2
Pensions Board	3
Human Resources Panel	1

- 1.3 During 2021/22 6 Member Seminars' have been held as virtual sessions. The programme of open days and community events was largely suspended in 2021/22 due to Covid-19 restrictions and therefore these are not included in this year's report.

2. **Legal Implications**

- 2.1 The Localism Act 2011 introduced new arrangements to govern the Standards of Conduct for local authority members and co-optees which set out the seven guiding principles of conduct: selflessness; integrity; objectivity; accountability; openness; honesty and leadership. The information in this report supports these guiding principles and, in particular, enhancing openness and accountability.

Member Attendance: Formal Fire Authority Meetings 2021/22

	Meetings due to attend	Number attended	Apologies received	Substitute appointed	Meetings attended as a substitute	Total (%)
Cllr Abul Azad	10	8	2	0	0	80%
Cllr Chris Dowling	4	4	0	0	1	125%
Cllr Amanda Evans	10	9	1	0	0	90%
Cllr Roy Galley	10	10	0	0	0	100%
Cllr Nuala Geary	5	5	0	0	0	100%
Cllr Les Hamilton	7	6	1	0	0	86%
Cllr Carolyn Lambert	15	15	0	0	0	100%
Cllr Wendy Maples	9	9	0	0	0	100%
Cllr Sorrel Marlow-Eastwood	4	3	1	0	0	80%
Cllr Sarah Osborne	4	4	0	0	0	100%
Cllr Garry Peltzer Dunn	8	7	1	1	0	88%
Cllr Steph Powell	10	7	3	0	0	70%
Cllr Paul Redstone	9	8	1	1	1	100%
Cllr Phil Scott	9	4	5	0	0	44%
Cllr Barry Taylor	11	10	1	0	0	91%
Cllr Carol Theobald	9	9	0	0	0	100%
Cllr David Tutt	7	7	0	0	0	100%
Cllr Pete West	7	6	1	0	0	86%

Member Attendance: Member Seminars 2021/22 (6 held)

	Member Seminars
Cllr Abul Azad	3
Cllr Chris Dowling	3
Cllr Amanda Evans	3
Cllr Roy Galley	4
Cllr Nuala Geary	5
Cllr Les Hamilton	5
Cllr Carolyn Lambert	6
Cllr Wendy Maples	5
Cllr Sorrel Marlow-Eastwood	4
Cllr Sarah Osborne	3
Cllr Garry Peltzer Dunn	5
Cllr Steph Powell	2
Cllr Paul Redstone	4
Cllr Phil Scott	5
Cllr Barry Taylor	5
Cllr Carol Theobald	3
Cllr David Tutt	5
Cllr Pete West	0

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