

## SCRUTINY & AUDIT PANEL

Minutes of the meeting of the **SCRUTINY & AUDIT PANEL** held at Council Chamber, County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am on Thursday, 20 January 2022.

Present: Councillors Maples (Chair), Azad, Lambert, Redstone, Scott 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), Helen Thompson (EY, External Auditor), J Olliver (Payroll, Pensions & HR Assurance Manager), A Avery (Finance Manager), K Pearce (ITG Manager) and E Simpkin (Democratic Services Officer)

### **33        Declarations of Interest**

Councillor Redstone declared an interest in relation to item 38 of the agenda in so far as he was a member of the East Sussex Pension Committee.

### **34        Apologies for Absence**

There were none.

### **35        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.

### **36        Minutes of the last Scrutiny & Audit Panel meeting held on 11 November 2021**

**RESOLVED:** That the minutes of the meeting of the Scrutiny & Audit Panel held on 11 November 2021 be approved as a correct record and signed by the Chair.

### **37        Callover**

Members reserved the following items for debate:

38. Auditor's Annual Report 2020/21
39. Measures to Improve Local Audit
40. Corporate Risk Register Review - Quarter 3 2021/22
41. Performance and Corporate Strategy monitoring report for Quarter 2 2021/22

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

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

### **38 Auditor's Annual Report 2020/21**

The Panel received a report of the Assistant Director Resources/Treasurer (ADR/T) which invited the Panel to consider and approve, on behalf of the Fire Authority, the Auditor's Annual Report 2020/21.

Members welcomed Helen Thompson, Principal Auditor, EY to the meeting who explained that the Auditor's Annual Report replaced the annual audit letter with the most significant change being that the Annual Report included commentary on the value for money assessment. The Panel noted that EY had issued an unqualified opinion on the Authority's financial statements for 2020/21 and had not identified any risks of significant weaknesses in the Authority's value for money arrangements. With regard to fees, a scale fee variation in relation to the 2020/21 audit EY was engaging with the Public Service Audit Appointments (PSAA) regarding scale fee variations. It was confirmed that the issues surrounding the pension valuation, which had been highlighted at the November Panel meeting, had now been corrected in the financial statement. The ADR/T added that the matter had been raised formally with East Sussex County Council (ESCC) and ESCC officers were meeting with the actuary to discuss performance.

The Panel was pleased to note that the auditor had reported that the Authority ensured that effective, transparent, and accessible arrangements were in place for dealing with complaints and asked whether consideration had been given to reporting compliments alongside the number of complaints. EY agreed that this was a helpful suggestion as it would add to providing a balanced view, however, it would be a matter for officers to take forward. The Assistant Director Planning & Improvement (ADP&I) agreed that compliments could be added to the annual performance outcomes report in order to give a full picture of the service which was being provided.

**RESOLVED:** That the Panel approved, on behalf of the Fire Authority, the Auditor's Annual Report 2020/21.

### **39 Measures to Improve Local Audit**

The Panel received a report from the ADR/T which informed Members of the commitments published by the Department of Levelling Up, Housing & Communities (DLUHC) to improve local audit with the intention of addressing some of the key issues identified in the Redmond Review (the Government commissioned an independent review into the effectiveness of local audit and the transparency of local financial reporting by Sir Tony Redmond which was published in September 2020). In addition, the report reminded Members of the outstanding actions of the Authority's Redmond Review Working Group and asked the Panel to consider how it wished to progress them, given the overlap between the outstanding actions and some of the commitments made by DLUHC. Revised guidance on audit committees was also due to be published by Chartered Institute of Public Finance and Accountancy (CIPFA) in Spring 2022 which may impact on the future actions.

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The ADR/T highlighted that DLUHC had extended the deadline for publishing audited local authority accounts to 30 November 2022 for 2021/22 accounts and to 30 September for the years from 2023/24 – 2027/28 (the deadline for 2022/23 was currently not clear). This recognised the capacity issues in both local authorities and audit firms. He added that the intention was to still aim for the Fire Authority draft accounts to be prepared in June and finalised by the end of September each year.

The Chair suggested that given the revised guidance from CIPFA was expected in April 2022, it may be that the Panel defer discussions on the action until the guidance had been received. The Panel agreed with this suggestion and asked officers to provide a further update which included approximate costs and resources needed to implement any changes necessary to comply with the revised guidance. The ADR/T explained that costs and resources would depend on the extent of the guidance, for example, if having an independent member of the audit committee became mandatory then there would be cost and effort involved to implement this.

**RESOLVED:** That consideration of the report be deferred until further CIPFA guidance is received.

### **40 Corporate Risk Register Review Quarter 3 2021/22**

The Panel considered a report from the ADR/T which provided the latest quarterly review of the Corporate Risk Register. It detailed the business risks identified and how they had been or were being mitigated.

It was noted that in relation to Corporate Risk 16 - Grenfell Tower Public Inquiry Non-compliance, all recommendations arising from the inquiry had now been considered and an action plan was in place. The Building Risk Review had also now been completed. The Panel asked about the relationship with housing providers. The ACFO explained that the Service now had a better understanding of the high rise buildings in the area. Site Specific Risk Information had been updated and there was an awareness of which buildings would require more attention during scheduled inspections. An enforcement model was in place and the Service would work with the Responsible Person in regard to any required improvements. Appropriate action would then be taken if there was non-compliance. The CFO added that a national piece of work on the relationships with housing providers was being undertaken by central government. There were mechanisms in place for any concerns with specific suppliers to be escalated to ministerial level. In her experience, generally, larger providers were up to speed with the legislative changes and had staff and governance structures in place to comply with the new requirements. The Panel requested a briefing note on the relationship between local authorities and the fire service in the context of enforcing the Regulatory Reform Order and the Housing Act. Members also asked for further details on those high rise buildings in the East Sussex Fire & Rescue Service area.

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The Panel also queried the progress being made against Corporate Risk 14 Health and Safety Non-compliance. The DCFO reassured Members that although there were 176 outstanding actions as of the end of December 2021, these related to a small number of incidents, for example, approximately 60 actions related to manual handling training which was near completion.

The Panel congratulated officers on the delivery of P21 (joint fire control) and the Building Risk Review project.

**RESOLVED:** That the Panel noted and approved the Q3 Corporate Risk Register, including the updates made since Quarter 2.

### **41 Performance Report for Quarter 2 2021/22**

The Panel received a report from the Assistant Director Planning & Improvement (ADP&I) which presented the results and direction of travel of quarter 2 2021/22 from quarter 2 2020/21 and the projected end of year results for 2021/22. The report also contained an overview of progress against the Services' Corporate Strategies.

The Panel asked about the increase in the number of sickness absences. The ADP&I explained that although there had been an increase in sickness absence from quarter 1, there had previously been a decrease throughout the pandemic and the numbers were therefore returning to pre-covid levels. The 2021/22 projected end of year result was 9.8 shifts lost per person. Members asked further about the type of sickness being recorded. The CFO commented that historically musculoskeletal injury had been a large proportion of the sickness cases, however there had been an increase in mental health related illness, a trend seen across all the emergency services. The importance of an active well-being policy was recognised and there was work taking place nationally to look at comparative trends. It was also important to acknowledge the age profile of the workforce. The ACFO added that the pandemic had presented a mental health journey for many people and there was a support mechanisms in place for all staff.

Members were pleased to note that the issues with the Incident Recording System had now been resolved and queried whether the problems which were encountered would need to be addressed in the forthcoming inspection. The ADP&I assured the Panel that officers would be working with Her Majesty's Inspectorate Service Liaison Lead to understand the issues in the wider context of the move to Joint Fire Control and she was confident that the Service could demonstrate how the issues had been managed and resolved.

Discussion was also had over the number of accidental dwelling fires (ADFs) contained to the room of origin which had seen a decrease in performance from 95.2% in quarter 1 to 87.8% to at the end of quarter 2. Members commented on the importance of recognising the context of statistics when the numbers were relatively low. The ADP&I explained that in the second quarter of 2021/22 there were 90 ADFs with 79 confined to the room of origin and that fires may have already spread before the arrival of crews. The

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ACFO added that the overall number of ADFs was decreasing and a lot of positive work had been carried out in this area. Further analysis of the incidents, such as firefighting methods used and response times, was useful and important to the Service in order to identify opportunities for further improvement.

**RESOLVED:** That the Panel noted:

1. the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix 1 to the report;
2. the performance results and remedial actions that had been taken to address areas of under performance in the Fire Authority's priority areas; and
3. the progress against the Service's strategies as at Quarter 2.

### **42 Counter Fraud Update**

The Panel received a report from the ADR/T which provided an update on the Authority's Counter Fraud approach and the National Fraud Initiative (NFI). The Panel noted that in accordance with the Counter Fraud Action Plan, progress was being made on the introduction of targeted training on fraud awareness. This was an integral part of the Service's commitment to promoting to all staff a counter fraud culture, and to improve awareness of governance, ethics and individual responsibilities.

**RESOLVED:** That the Panel noted the progress being made in the investigation of NFI matches and associated outcomes.

### **43 Integrated Risk Management Plan (Community Risk Management Plan) - Timeline Review**

The Panel received a report from the Assistant Chief Fire Officer which provided the latest position on the Integrated Risk Management Plan delivery timeline and the associated revenue and capital forecasts.

It was noted that since the IRMP was approved by the Fire Authority in September 2020, a small team had been established to facilitate the delivery and implementation that would ensure that the agreed work packages and scopes would be written and delivered by Officers within the Service. A significant amount of work had been completed, however, the complex and unprecedented period following the Covid 19 Pandemic, competing service pressures and changes in timelines of interdependent projects such as P21 had impacted on the timescales originally agreed by the Fire Authority. Coupled with some uncertainties on the retirement profile within the Service, it had been identified that there would be changes in the associated delivery timelines and this would have a consequence on the timing of the revenue savings that were originally presented as a part of the IRMP savings proposals. It was also envisaged that the impact of the pandemic on supply

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chains in the manufacturing industry would, in turn, impact on those work packages that involved either new appliances or new specialist response vehicles. There had been some additional capital expenditure as a result of moving the High Volume Pump to Seaford from Hove. This now meant that some revisions to be made to the capital budget.

The rebased timelines for the IRMP work streams and the associated impact on the revenue and capital budgets were set out in the report. The revised savings forecasts had been built into the MTFP through the budget setting process.

**RESOLVED:** That the Panel noted the content of the report and

1. noted the progress made against the IRMP implementation, the workstreams and that timelines required adjustment; and
2. approved the rebased timelines for the IRMP work streams and the associated impact on the revenue and capital budgets. Revenue savings made by 2028/29 were originally modelled as £809,000 and now revised to £578,000. This was a difference of £231,000 with £556,000 now forecast to be saved by 2026/27. Capital savings made by 2025/26 were originally modelled as £568,000 and were now revised to £528,000. This was a difference of £40,000.

The meeting concluded at 10.57 am

Signed

Chair

Dated this

day of

2022