

## SCRUTINY & AUDIT PANEL

**Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at the Birch Suite, Muriel Matters House, Hastings Borough Council, Breeds Place, Hastings, East Sussex, TN34 3UY at 10.00 am on Wednesday, 5 June 2019.**

Present: Councillors Galley (Chairman), Barnes, Boorman, Lambert, Taylor and Scott

Also present: D Whittaker (Chief Fire Officer), M O'Brien (Deputy Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), M Matthews (Assistant Director Safer Communities), L Ridley (Assistant Director Planning & Improvement), H Scott-Youlton (Assistant Director – Organisational Development, Human Resources, Training & Assurance), D Savage (Assistant Director Resources/Treasurer), C Williams (Business Safety Support Team), L Stevenson (Risk & Insurance Officer), L Woodley (Deputy Monitoring Officer), N Chilcott (Internal Audit Manager, Orbis, East Sussex County Council), Z Downton (Democratic Services Officer), E Simpkin (Democratic Services Officer)

### **213      Declarations of Interest**

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

### **214      Apologies for Absence**

Apologies for absence had been received from Councillors S Osborne and G Peltzer Dunn. Councillor Barnes declared he was substituting for Councillor Peltzer Dunn, and Councillor Boorman was substituting for Councillor Sheppard.

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

There were none.

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

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

### **217      Callover**

Members reserved the following items for debate:

219    Performance Report for Quarter 4 2018/19

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- 221 Human Resources Absence Management Report – Quarters 1, 2, 3 & 4 2018-19
- 222 Service Benchmarking Report 2017/18
- 227 Internal Audit Annual Report and Opinion for the period 1 April 2018 to 31 March 2019
- 228 Internal Audit Strategy and Plan
- 229 Assessment of the Corporate Framework & Annual Governance Statement for 2018/19

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

### **218 2018/19 Fourth Quarter Corporate Risk Register Review**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which provided Members with the latest quarterly review (Quarter 4, 2018/19) of Corporate Risk. The report identified the business risks and how they had or were being mitigated, under Appendix B. *(Copy in Minute Book)*

**RESOLVED** – That the Panel:

- a) Noted the Quarter 4 Corporate Risk Register, including those changes made since Quarter 3; and
- b) Had not identified any issues where it required further information or assurance.

### **219 Performance Report for Quarter 4 2018/19**

The Panel considered the report of the Assistant Director Planning & Improvement (ADP&I) which provided Members with a summary of service performance information for the fourth quarter of 2018/19 and provisional year end results. *(Copy in Minute Book)*

The report contained information against 21 of the 22 indicator set. Additional information on sickness and East Sussex Fire and Rescue Service road traffic collision data was also contained in the report, as requested by Members at previous meetings.

In relation to the number of Home Safety Visits (HSVs) carried out, the Panel wished to emphasise the importance of meeting the target number and setting stretched targets. The Assistant Director Safer Communities (ADSC) responded that the Service had completed more HSVs during the current year than in any previous year, adding that every station had met its target. The

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Panel queried how the quality of visits and any follow-up actions were monitored. The ADSC advised that the HSV policy had been reviewed recently and now included a quality framework. He explained that balancing the quality and quantity of visits would form part of future improvements to the whole process.

Further to a request by the Panel, it was felt it would be timely to include HSVs for discussion at a future Members' Seminar. Democratic Services to liaise with the ADSC to schedule this accordingly.

The Panel thanked the ADP&I and Planning & Intelligence Manager for producing a thorough report.

**RESOLVED** – That the Panel:

1. Considered the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix A;
2. Considered the performance results and remedial actions that had been taken to address areas of underperformance in the Fire Authority's priority areas; and
3. Considered that the performance priority areas remain the same for 2019/20.

### **220 Safety Events Statistics Report - Quarter 4, 2018-19**

The Panel considered the report of the Deputy Chief Fire Officer (DCFO) which provided Members with a summary of safety events data and hazard reports received by the Health, Safety & Wellbeing Team for Quarters 1 – 4 of 2018/19, and which also included the Quarter 4 report for the shared 3F Key Performance Indicators (KPIs), East Sussex Fire and Rescue Service Home Office Statistics, Level 2 Accident Investigations tracker and age and gender data. (*Copy in Minute Book*)

**RESOLVED** – That the Panel:

- i) Considered the Quarter 4 health and safety statistics for 2018/19 as set out in the report;
- ii) Continued to monitor and scrutinise performance in 2019/20; and
- iii) Had not identified any areas where Members required further assurance.

### **221 Human Resources Absence Management Report - Quarters 1, 2, 3 & 4 2018-19**

The Panel received the report of the Assistant Chief Fire Officer (ACFO) which presented to Members the absence management statistics recorded for

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Quarters 1, 2, 3 & 4 of 2018/19 and which showed an overall decrease against the previous year following the interventions deployed by both local line managers and the Human Resources (HR) team. (*Copy in Minute Book*)

The Assistant Director – Organisational Development, Human Resources, Training & Assurance (AD - OD, HR, T&A) provided background and context to the report. The Service had recognised that its sickness absence statistics in 2017/18 were too high. The report set out that during 2018/19 there had been a reduction in total days/shifts lost due to absence from the workplace against the previous year in all quarters, as set out in the table under paragraph 2.1 of the report, demonstrating that the strategy and interventions that had been put in place were having an impact. The ADPS explained that there were some complex cases of long-term sickness impacting on long-term statistics, and reassured the Panel that individual support plans were in place for those colleagues.

The Assistant Director OD, HR, T&A advised that plans for mental health and wellbeing provision in the Service would be shared with councillors at a future Members' Seminar.

The report would be presented to the Panel on a quarterly basis, and would be used to monitor the impact of change on Control Centre staff in terms of sickness absences and wellbeing.

**RESOLVED** – That the Panel noted the annual absence management statistics for 2018/19 as set out in the report, and welcomed the progress being made.

### **222 Service Benchmarking Report 2017/18**

The Panel considered the report of the Assistant Director Planning & Improvement (ADP&I) which presented the Fire Statistics for 2017/18 and comparative benchmarking of East Sussex Fire and Rescue Service against its family group (the twelve fire and rescue services that made up Family Group 2) in order to provide context to support the Authority's future decision making. (*Copy in Minute Book*)

The report brought together a wide range of information about how the Service compared in delivering its services to local communities, including the cost of service provision, current performance measures, as well as organisational resourcing.

**RESOLVED** – That the Panel considered the results of the report and had not identified any areas of performance not highlighted in the report that it would like to see further investigation into.

### **223 External Audit Update and Fee Letter 2019/20**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which informed Members of progress on the

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external audit of the 2018/19 financial accounts and the proposed external audit fee for 2019/20. *(Copy in Minute Book)*

The Authority's external auditors (Ernst & Young LLP) had provided an update on the delivery of the audit of the 2018/19 accounts, as set out in Appendix 1. The external auditor's fee for the 2019/20 audit was set out in its Fee Letter, under Appendix 2.

**RESOLVED** – That the Panel:

- i) Noted the progress on the external audit of the 2018/19 accounts;
- ii) Noted the external audit fee for 2019/20; and
- iii) Had not identified any further information or reassurance required from the Authority's external auditors.

### **224 Internal Audit Report - Delivery of Business Safety**

The Panel considered the report of the Assistant Director Safer Communities (ADSC) which introduced to Members the findings of the Internal Audit on 'Delivery of Business Safety', the actions taken to address the findings of the report and the plan in place to ensure continued assurance of the Authority's responsibilities under the Regulatory Reform (Fire Safety) Order 2005 (the Order). *(Copy in Minute Book)*

The report provided 'Partial Assurance' in respect of Delivery of Business Fire Safety. That opinion meant that there were potential weaknesses in the system of control and/or the level of non-compliance was such as to put the achievement of the Service's objectives at risk.

**RESOLVED** – That the Panel:

- a) Adopted the findings of the report and acknowledged the actions taken to ensure compliance with the Authority's statutory duties; and
- b) Supported the introduction of the Business Safety Assurance Framework that was currently being produced.

### **225 Internal Audit Report - Supply Chain Management (SCM)**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which updated Members on the findings and assurance opinion of the Internal Audit Report on Supply Chain Management (SCM), undertaken in March 2019. *(Copy in Minute Book)*

It was the agreed protocol that where Internal Audit Reviews resulted in an opinion of partial assurance or lower that the report be presented in full to both the Senior Leadership Team and the Scrutiny & Audit Panel.

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**RESOLVED** – That the Panel:

- i) Endorsed the report and the management response; and
- ii) Noted that Internal Audit would carry out a follow up review in 2019/20.

### **226 On Call Pay Review - Internal Audit Report**

The Panel received the report of the Assistant Director – Organisational Development, Human Resources, Training & Assurance which presented to Members the outcome of the Internal Audit of the Retained Duty (On Call) Pay Review and provided assurance that work had commenced to address the areas of concern identified. *(Copy in Minute Book)*

**RESOLVED** – That the Panel noted the outcome of the audit and the actions that had been put in place to address the learning outcomes.

### **227 Internal Audit Annual Report and Opinion for the period 1 April 2018 to 31 March 2019**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which provided to Members an Opinion on East Sussex Fire Authority's (ESFA) internal control environment and which reported on the work of Internal Audit for the period 1 April 2018 to 31 March 2019. *(Copy in Minute Book)*

The Panel's attention was drawn to the audits that had received partial assurance opinions, namely Delivery of Business Safety, Supply Chain Management and Retained Duty System Pay. Summaries of those audits were set out under Appendix 1, with the detailed findings reported separately to the meeting under agenda item nos 224, 225 and 226 respectively.

On the basis of the audit work completed, the Orbis Chief Internal Auditor, as ESFA's Head of Internal Audit, had been able to provide reasonable assurance that the Fire Authority had in place an adequate and effective framework of governance, risk management and internal control for the reporting period.

Mr Chilcott (Internal Audit Manager – Orbis) highlighted that a substantial assurance opinion had been issued in respect of the key financial system review of Pensions, as the Authority had already identified issues within the Firefighter Pensions Scheme and an action plan was in place. The ADR/T explained that, in a broader context, there were issues around data quality, payroll and record keeping across all public sector pension schemes. The Authority was currently participating in a national exercise to reconcile locally held scheme records with those held by HMRC (known as GMP Reconciliation) and had commissioned a third party data quality audit of Firefighter Pensions Scheme Data as required by the Pension Regulator. Those exercises and subsequent work by the Authority's interim Pension Adviser had identified a range of pension data quality issues that were now

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being evaluated and options to address them drawn up. An initial report had been taken to the February 2019 meeting of the Pension Board and a further report would be taken in due course.

The Panel welcomed the audit of Business Fire Safety, in light of the Grenfell Tower fire in 2017, and that it was reassuring that a governance framework was in place for the future.

**RESOLVED** – That the Panel:

- (i) Noted the Head of Internal Audit's opinion on the Fire Authority's internal control environment for 2018/19;
- (ii) Noted that the full reports on Retained Duty System Pay, Business Fire Safety and Supply Chain Management had been reported in full to the Senior Leadership Team and Scrutiny & Audit Panel; and
- (iii) Considered the Fire Authority's system for Internal Audit had proven effective during 2018/19.

### **228 Internal Audit Strategy and Plan**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which provided to Members an Internal Audit Plan for East Sussex Fire Authority for the period 1 April 2019 to 31 March 2020. (*Copy in Minute Book*)

The ADR/T highlighted that the Strategy and Plan had been produced on a risk basis following consultation with senior officers, the Authority's external auditor (Ernst and Young (EY LLP)) and the Chairman of the Scrutiny and Audit Panel.

Mr Chilcott (Internal Audit Manager - Orbis) drew the Panel's attention to the follow-up reviews on Business Fire Safety, Retained Duty System Pay and Supply Chain Management that were included within the scope of the Plan, further to the recent audits undertaken.

**RESOLVED** – That the Panel approved the proposed Internal Audit Plan for 2019/20.

### **229 Assessment of the Corporate Framework & Annual Governance Statement for 2018/19**

The Panel considered the report of the Deputy Chief Fire Officer, Deputy Monitoring Officer and Assistant Director Resources/Treasurer which set out how the Fire Authority had assessed the effectiveness of its governance arrangements and sought approval of the Annual Governance Statement in line with the Accounts and Audit Regulations 2015. (*Copy in Minute Book*)

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The Authority was required, under the Accounts and Audit Regulations 2015 to conduct an annual review of the effectiveness of its systems of internal control and to prepare an Annual Governance Statement in accordance with proper practices to accompany its Statement of Accounts.

**RESOLVED** – That the Panel:

- (i) Confirmed that it was satisfied with the level of assurance provided to Members throughout the report and within the Authority’s governance framework and processes;
- (ii) Noted that the Proposed Revised Local Code of Corporate Governance had been updated to reflect the current Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) 2016 Framework; and
- (iii) Approved the Annual Governance Statement for signing by the Scrutiny & Audit Panel Chairman and the Chief Fire Officer.

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

**RESOLVED** – That item no. 231 be exempt under paragraph 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly is not open for public inspection on the following grounds: Information relating to an individual.

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

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

The meeting concluded at 11.00 am

Signed

Chairman

Dated this

day of

2019