

# MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE



Held on Tuesday, 3rd November 2020, at 6.30 pm  
This was a remote meeting.

## Members: (\*present)

- |                                  |                             |
|----------------------------------|-----------------------------|
| * Councillor Christine Bateson   | * Councillor Tony Linden    |
| * Councillor Jane Stanford-Beale | Councillor Harjinder Minhas |
| Councillor Dennis Benneyworth    | * Councillor Garth Simpson  |
| * Councillor Christine Hulme     | Councillor Simon Werner     |
| * Councillor Tina McKenzie-Boyle | * Councillor Colin Dudley   |

## In Attendance:

Mark Arkwell (Assistant Chief Fire Officer, ACFO)  
Paul Binyon (Area Manager Response and Resilience, AM R&R)  
Andrew Brittain (External Auditor, Ernst Young)  
Graham Britten (Monitoring Officer, MO)  
Alex Brown (Head of Capital Projects and Estates, HCP&E)  
Doug Buchanan (Area Manager Prevention and Protection, AM P&P)  
Conor Byrne (Head of Finance and Procurement, HF&P)  
Becca Chapman (Data, Performance and Risk Manager)  
Steve Foye (Deputy Chief Fire Officer, DCFO)  
Allison Kennett (External Auditor, Ernst Young)  
James Pinchin (Business Support Officer, BSO)  
Fayth Rowe (Democratic Support Lead, DSL)  
Nikki Richards (Director of Support Services, DSS)  
Hannah Sheehan (Democratic Support Assistant, DSA)  
Tony Vincent (Head of Business and Information Systems, HBIS)

## 15. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Minhas and Councillor Benneyworth.

## 16. DECLARATIONS OF INTEREST

There were no Declarations of Interest from Councillors relating to items to be considered at the meeting, in accordance with the provisions of the Fire Authority's Local Code of Conduct, and any from Officers.

## Action

**17. MINUTES OF THE MEETING HELD ON 30 JULY 2020**

**RESOLVED** that the Minutes of the meeting held on 30 July 2020, be approved as a true and correct record and signed by the Chairman.

**18. CONSIDERATION OF ANY MATTERS PROPERLY REFERRED TO THIS COMMITTEE FOR DECISION**

There were none received.

**19. EXTERNAL AUDIT REPORT**

Conor Byrne, Head of Finance and Procurement (HF&P), introduced the report. He reported Ernst & Young (EY) would provide a verbal update regarding the delay in signing off the 2019/20 Statement of Accounts, Appendix A was the letter Audit and Governance Chairman wrote to EY on the Committee's behalf, in opposition of the proposed fee increase, and Appendix B was the response to the Chairman's letter from Andrew Brittain, setting out the various reasons for the fee increase. Conor Byrne added that the Chairman's letter to EY had been forwarded to Public Sector Audit Appointments (PSAA).

Allison Kennett from EY stated that the delay in the signing off the Statement of Accounts for 2019/20, was due to EY awaiting confirmation of audited Berkshire Pension Fund accounts from Deloitte, and that EY had been informed that this would not happen until the end of January 2021. Once the letter has been received a final review of the Statement of Accounts for 2019/20 will be conducted by Andrew Brittain.

Andrew Brittain gave an overview of the proposed fee increase and stated that the PSAA set the fees a long time ago and that the fees had not been revised since. Andrew explained that his letter, in response to the Audit and Governance Chairman, outlined why the fee increase was necessary.

The Vice-Chairman asked EY to comment on why the proposed fee increase was almost 100%, when other firms were between 15-25%. Allison Kennett stated the reason was that EY do a quality Audit, with all Audits being of good standard. Andrew Brittain added the Financial Reporting Council (FRC) highlighted EY's areas of best practice, in particular with pensions. This was reflected in the work required around pensions and proposed fee increase.

Councillor Hulme asked that in EY's response letter, one of the reasons for the proposed fee increase was the increase in risk, why was this not identified earlier, as a gradual fee increase would have benefitted the Authority. Andrew Brittain explained that this was reflected in the PSAA reporting and that there has been an increase in risk numbers and additional scope of work, therefore, the baseline figure required changing. He reported this is due to audits which EY thought were one offs, were now ongoing.

The Chairman asked when in January 2021, EY was expecting to receive the letter from Deloitte. Allison Kennett stated that she was unable to confirm the date in January 2021.

Councillor Bateson stated that after last year's delays you would have expected Deloitte to resolve the issues, however it is the same one year on. Andrew Brittain reported that EY engaged with Deloitte early on to understand a timetable, which was subsequently changed. He explained that he did not believe that the delay was related to the same issues as last year. Andrew Brittain confirmed EY will continue to engage with Deloitte to receive updates on the underlying issues.

The Vice-Chairman asked for the time period for EY to complete works in order for the Accounts to be signed off. Andrew Brittain stated it was dependant on what was contained within the letter, as last year a number of significant adjustments were highlighted. He advised that if the letter was received with no significant issues, it could be turned around quickly.

The Chairman proposed the recommendations set out in the report at 2.1 and 2.2, Councillor Bateson seconded the proposal.

**RESOLVED** that:

- The update from the External Auditor be noted;
- The contents of the letter sent by the Committee Chairman to EY regarding their proposed fee increase (Appendix A) and EY's response (Appendix B) be noted.

**20. BUDGET AND MEDIUM FINANCIAL PLAN ASSUMPTIONS PRESENTATION**

Conor Byrne, Head of Finance and Procurement (HF&P), gave a presentation on the Budget and Medium Financial Plan Assumptions. The presentation looked at the impact COVID-19 could have on Royal Berkshire Fire and Rescue Service (RBFRS) funding streams, in particular Council Tax and Business Rates. This was set out in a number of Revenue Budget funding scenarios.

The Settlement Funding Assessment was made up of the Government's calculation of baseline Business Rates and General Government Grants. The assumption for the Settlement Funding Assessment was no increase in 2021/22, which would remain £10.399m.

Council Tax Assumptions - an increase of 1.99% in the precept based on last year's referendum principles. Conor Byrne advised this would generate an additional £475k. He reported Council Tax base growth had been disappointing over the last few years. Annual growth in the Council Tax base had fallen from 2.6% in 2017/18 to 1.36% in 2020/21. Based on this, the assumption for Council

Tax base growth for 2021/22 was 1%.

Pay Awards - Each 1% increase in pay costs £250k. Assumption for pay awards in the current year was 2%. The actual 2020/21 Green Book award turned out to be 2.75%. The assumption for pay awards for 2021/22 was 2.5%

Pension Costs - We have seen a big hike in firefighter pension contributions. Since April 2019, Firefighter pension contributions have increased from 17.6% to 30.2%. To offset this additional pension cost, an annual grant of £1.7m has been received from the Home Office. Currently this has been agreed on a rolling one year basis. The assumption is that this grant will continue into 2021/22. There are likely to be significant future pension costs as a result of the McCloud judgement, and, as part of Royal Berkshire Fire Authority (RBFA) pension consultation response, Members have asked for additional burdens to be funded by the Government. Currently any additional pension costs have not been built into these scenarios.

Financing of Capital Expenditure - In terms of capital expenditure RBFA was implementing Phase One of the Strategic Asset Investment Framework (SAIF). Phase One was currently affordable but this was on the basis that RBFA pushed the rebuilding of Caversham Road Fire Station into Phase Two of the SAIF. Conor Byrne reported that if we were to progress with Phases Two, Three and Four, we would need an additional £3m per year. Being one of the lowest precepting Authorities has limited RBFA's ability to invest in assets and to implement SAIF, and will require a step change in funding.

Council Tax Scenario's - A 2% loss in Council Tax would amount to £475k, 4% £950k and a 6% loss £1.4m.

Business Rates scenario's - Similar percentage losses of income would have less impact: e.g. a 2% loss would amount to just over £100k. However, the likelihood of losses arising from Business Rates seems to be much higher than for Council Tax.

Revenue Budget Shortfalls - A 2% impact on the collection fund would lead to a budget deficit of £1.1m, 4% would be £1.7m and 6% would be £2.3m. Adding in a permanent reduction in Business Rates of 6% would result in a budget shortfall of £2.7m

The Vice-Chairman stated that he had the opportunity to speak to the MP for Newbury regarding concerns over finances and she asked that the Fire Authority provide further information. He reminded Members that it was important they lobby MPs for a 'Fiver for Fire', in order to maintain the Service we wish to provide.

Councillor Bateson asked a question regarding whether consideration had been taken of pay awards in relation to the Council Tax increase. Conor stated that in terms of budget, assumptions have to be made around pay and pay increases were agreed nationally.

The Chairman proposed that Members note the presentation and Councillor Linden seconded the proposal.

**RESOLVED** that the item be noted.

If you would like a copy of the presentation please contact [committeeteam@rbfrs.co.uk](mailto:committeeteam@rbfrs.co.uk).

## **21. EMERGENCY SERVICES MOBILE COMMUNICATIONS PROGRAMME PRESENTATION**

Tony Vincent, Head of Business and Information Systems (HBIS), gave a presentation on the Emergency Services Mobile Communication Programme.

The Emergency Services Mobile Communications Project (ESMCP) was the National Programme within the Home Office that will deliver the new Emergency Services Network – known as the ESN.

It will replace the current Airwave network with a wireless coverage mobile data network enabling handheld, vehicle and airborne devices to communicate with each other and with a control room, such as Thames Valley Fire Control Service (TVFCS). The Programme is intended to deliver an end to end solution that incorporates all the necessary access gateways, protocols for operation and services to ensure the network, systems and devices are supported.

Airwave was established in 2000, and went live in 2004. The infrastructure is aging and due for decommission in 2019, when ESN was due to have been in place based on the original transition plan.

With the ESN delay, Airwave has been extended requiring significant investment – indicated at approximately £1m per day by the Programme. It remains resilient but at significant expense in its own right and when compared to comparable daily costs of the ESN system when this becomes operational.

RBFRS has been working to the National Programmes timeline for all emergency services being moved to ESN by November 2024, with the Fire Sector being one of the later services to transition. There is a desire in the National Programme to bring this transition date forward to mid-2023, in part to end the need to pay for two systems concurrently.

The biggest issue in the current timeline of late 2024, is that there is no contingency in the plan. It was reassuring that the new Programme Director recognises this is an unrealistic position. We also note some slippage showing in critical path activities and, when combined with the lack of contingency, results in low confidence in the current plan.

Our core planning assumption remains for RBFRS to transition to ESN no sooner than 6 months after service is fully live, and no later than 12 months before Airwave turn-off.

Transition will be co-ordinated with our Thames Valley partners and TVFCS through South Central regional engagement, in order to minimise overall risk during the transition phase.

Based on current Programme indications this means our window of transition would appear to be between Q1 2022 – Q4 2023, assuming the Programme remains with the shutdown date of Q4 2024.

This timeline will be monitored so any upgrade can be managed around other TVFCS developments. Current intention is to complete transition to ESN before any future major Control Room replacement process.

It is important to recognise that Airwave continues to operate without any discernible performance issues and the Programme has already committed to maintaining the system until such time as ESN is in place. It is the costs associated with this that is driving the Programme to get to as early an adoption as possible of ESN.

Officers will provide a further update in the spring of 2021, following publication of the full business case.

Councillor Stanford-Beale asked if the Programme was five years later than expected, how the Authority will afford the new system. Tony Vincent stated that the Programme will be several years late when delivered. Also that the Programme was fully funded by the Government up to the point of deployment and there was no indication of what this ongoing cost will be post deployment. He stated that guidance from the National Programme has always been that ongoing cost would be lower overall, but that the details concerning fire and rescue services are still unconfirmed at this time.

Councillor Stanford-Beale asked whether it will be difficult to adopt a system without knowing the cost. Steve Foye, Deputy Chief Fire Officer (DCFO) responded by stating we were not currently in a position of adoption but are working on principle of supporting the Programme and an appropriate provision.

Councillor Bateson asked whether many Fire Authorities already have the system in place. Tony Vincent explained that some of the products were available and some fire and rescue services were currently trialling them. He advised RBFRS will not be adopting earlier products until the prime product was available. The full product was not available so no other fire and rescue service have it.

Councillor Bateson then asked whether we had been networking with other Authorities, to be compatible with them. Tony Vincent replied, through detailed planning within the Thames Valley their usage will be comparable with RBFRS, therefore, we will move forward as one unit, staying aligned during the process.

If you would like a copy of the presentation please contact [committeeteam@rbfrs.co.uk](mailto:committeeteam@rbfrs.co.uk)

Councillor McKenzie-Boyle proposed that the Committee note the presentation,

Councillor Simpson seconded the proposal.

**RESOLVED** that the item be noted.

**22. URGENT LATE ITEM - NFCC LETTER TO EMERGENCY SERVICES MOBILE COMMUNICATIONS PROGRAMME (ESMCP) RE FULL BUSINESS CASE**

Steve Foye, DCFO, presented the report and asked the Committee to note the letter from the National Fire Chief Council (NFCC) Strategic Lead for Operational Communications attached at Appendix A. He reported the letter refers to the current review by the National Programme of the Draft Full Business Case (FBC) for the Emergency Services Programme. The latest draft was going through the review and approve process within the Home Office and was expected to go to Ministers in February 2021.

The current Draft FBC presents four options for the future of ESMCP. The Draft FBC put less emphasis on Options One and Two, with both leading to the on-going maintenance of the Airwave provision and the ongoing cost of Airwave in comparison to the future on-going cost of the ESN. If Options Three (a) or Three (b) were supported, there was an economic benefit of achieving the earliest possible transition from Airwave to ESN. Maintaining both systems concurrently creates additional cost, therefore if ESN was the preferred option, the Programme want to transition to ESN and shutdown Airwave in the shortest safest timeframe possible.

Paragraphs 3.7-3.11 of the report detail the NFCC stance on ESMCP. The NFCC support ESN as the best strategic fit for the future of emergency services communications, but without assumptions and other information behind option Three (a) or Three (b), the NFCC was not able to offer a firm view or assurance around either option.

Paragraph 3.12 highlights that RBFERS Officers were content to support the matters raised in the NFCC letter of 20 October 2020.

Paragraph 3.13 details that NFCC has been working with the Local Government Association (LGA) to identify how the LGA can provide a single voice into the Programme. The Audit and Governance Committee on behalf of the Fire Authority has previously registered the concerns of the National Programme. As a result, representatives from the Programme met with Members on 4 July 2019.

Steve Foye reassured the Committee that the concerns of the Authority were known and Officers will regularly update Members during the Programme.

The Chairman stated that an update was welcome and thanked Steve Foye and Tony Vincent for their comprehensive updates. She proposed that the Committee note the item, Councillor Linden seconded the proposal.

**RESOLVED** that the item be noted.

## 23. ANNUAL GOVERNANCE STATEMENT

Nikki Richards, Director of Support Services (DSS), provided a brief overview of the report and stated that Audit and Governance Committee was responsible for ensuring business was conducted in accordance with legislation. She also reminded Members that the report was a backward look at 2019/20.

The Chairman proposed that Members agree the Annual Governance Statement 2019/20, and Councillor Simpson seconded the recommendation.

**Resolved** that the Annual Governance Statement 2019/20 be agreed.

## 24. LOCAL GOVERNMENT ETHICAL STANDARDS: COMMITTEE ON STANDARDS IN PUBLIC LIFE

Graham Britten, Monitoring Officer (MO) introduced the report. In referring to page 53, he highlighted the letter from the Committee on Standards in Public Life written to all Local Authorities in England, which recommended 15 best practice recommendations, alongside 26 further recommendations. An audit was carried out to identify ways in which the 13 applicable best practice recommendations were already in place or could be implemented into RBFA's Members Code of Conduct and standards processes.

Appendix B lists RBFA's audit findings. The report recommend further changes to the Code of Conduct are delayed until a further review can be conducted once the LGA's draft model code of conduct have been determined.

Councillor McKenzie-Boyle proposed the recommendations set out in the report at 2.1 and 2.2. Councillor Stanford-Beale seconded the recommendation.

**RESOLVED** that:

- The Committee recommend that the Authority note the findings and actions from the audit against the best practice recommendations made by the Committee on Standards in Public Life in its January 2019 report (Appendices A and B);
- The Committee recommend the Authority agree:
- The Code of Conduct be reviewed on an annual basis commencing 2021/22; and where possible take into account the views of the public, community organisations, and neighbouring and appointing authorities;
- in any review of the Code of Conduct:
- the outcomes of the LGA's consultation on its draft Code of Conduct be



taken into account;

- the prohibition on 'harassment' be added to the prohibition of bullying;
- definitions and examples of both bullying and of harassment be included;
- the requirement on Members to comply with any formal standards investigation be included;
- the requirement to comply with the Authority's protocol on Gifts and Hospitality be included;
- The procedure for handling allegations under the Code of Conduct be amended to include:
- A non-exhaustive list of public interest factors which will be taken into account at the filtering stage of a complaint; and
- Confirmation that where a decision has been made on an allegation of misconduct following formal investigation, a decision notice will be published as soon as possible on its website.

## **25. AMENDMENTS TO CONTRACT AND FINANCIAL REGULATIONS**

Conor Byrne, HF&P, presented the report. Conor reminded the Committee that the Contract and Financial Regulations were last approved in 2017, and was good practice to review and update the Regulations on a regular basis. The amendments fall into two categories; to further improve the effectiveness of our internal controls, and to reduce the administrative burden of our control processes where possible. He then outlined the changes to Contract Regulation in paragraphs 3.4-3.13 of the report, and the changes to Financial Regulations in paragraphs 3.14-3.18.

Councillor Bateson stated that the changes seemed sensible and it should make contracts quicker to gain and asked whether the contract situation will change once the United Kingdom (UK) has left the European Union.

Conor explained that guidance had been delayed, however, regulations will be adopted into law from 1 January 2021, and further amendments will be made in time in order to be compliant going forward.

In answer to a question from the Chairman, Conor stated as well as the Authority's three Statutory Officers, the internal controls and processes were audited regularly to ensure RBFA were as efficient as possible.

Councillor McKenzie-Boyle proposed recommendations 2.1 and 2.2 and

Councillor Linden seconded the motion.

**RESOLVED** that:

- The contents of the report be noted.
- The Committee recommend to the Fire Authority:
- the amended Contract Regulations as set out in Appendix A be agreed;
- the amended Financial Regulations as set out in Appendix B be agreed and
- the linked amendment to the Scheme of Delegation for the Chief Fire Officer / Chief Executive as set out in paragraph 3.16 be agreed.

## **26. EMPLOYEE CODE OF CONDUCT**

Nikki Richards, DSS, informed the Committee that its Terms of Reference require them to approve and monitor the effectiveness and outcomes, relating to a number of the Authority's policies. This included 'Governing the conduct of employees of the Authority' (CO39b).

A review and rewrite of the Employee Code of Conduct had been undertaken and was presented for consideration and approval by the Committee. Appendix A show the Draft Code of Conduct. The document brings together an overview of the expectation the organisation places on individuals.

The development of the Employee Code of Conduct was benchmarked across a range of organisations and the revised version makes the information more accessible to all stakeholders. The Employee Code of Conduct contributed to the RBFRS People Strategy, and was aligned with the Behavioural Competency Framework.

The Chairman proposed recommendation 2.1 and Councillor Bateson seconded the recommendation.

**RESOLVED** that the revised Employee Code of Conduct be approved.

## **27. QUARTERLY PERFORMANCE REPORT - QUARTER 1**

Becca Chapman, Data and Performance Manager, introduced the report. She stated that Quarter One demonstrated progress against the Annual Plan Objectives. She also explained that the format of the Quarterly Performance Report had been revised but contained the same transparency and welcomed any feedback on the new format of the report.

The Chairman stated that it was a fantastic report and the new format was much more manageable. The Vice-Chairman agreed that the new format was better and highlighted the fact that there were very few red scores. He also stated that it was helpful that an abbreviation list was provided following the meeting.

Councillor Simpson highlighted the high score in COVID-19 impact and asked whether we were confident in managing the risk. Nikki Richards explained that an initial risk score, a current score and a treated score had been assigned. She also stated that COVID-19 was an evolving picture and had the potential to be of high impact; such as, losing staff to self-isolation. However, there were actions in place to monitor staff and the Service, while managing the risk.

Councillor Simpson stated that Safe and Well visits had reduced and ask if this would create a problem for the Service. Steve Foye explained that during Quarter One only the most vulnerable received visits, as carrying out the usual number of visits was deemed not appropriate, this was constantly under review. Teams also made visits where there had been a threat of arson, and numbers of these visits had increased during Quarter One.

The Chairman stated that considering the circumstances the number of Safe and Well visits completed was pretty good. She highlighted that the lack of working time lost was excellent and said well done to all staff. The Vice-Chairman echoed the Chairman's thanks to all staff.

Councillor McKenzie-Boyle proposed recommendations 2.1-2.5, Councillor Linden seconded the proposal.

**RESOLVED** that;

- The performance against Service Provision and Corporate Health measures for the targets agreed by the Fire Authority for 2020/21 be noted.
- The progress made on the two priority programmes be noted.
- The position of corporate risk be noted.
- The new format of the report and provide feedback be considered.

## **28. DATE OF NEXT MEETING**

Thursday 28 January 2021, at 6.30pm. The public will be able to watch this meeting on Royal Berkshire Fire and Rescue Service YouTube page.

*(The meeting concluded at 20:22)*