

# MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE



Held on Wednesday, 20th October 2021, at 6.30 pm  
Royal Berkshire Fire and Rescue Service (RBFRS) Headquarters  
Newsham Court, Pincents Kiln, Calcot, Reading RG31 7SD

**Members:**  
(\*present)

* Councillor Christine Bateson	* Councillor Tony Linden
* Councillor Jane Stanford-Beale	* Councillor Harjinder Minhas
Councillor Tina McKenzie-Boyle	Councillor Garth Simpson
* Councillor Anne Chadwick	* Councillor Simon Werner
* Councillor Avtar Cheema	* Councillor Dennis Benneyworth (substitute)
	* Councillor Colin Dudley (substitute)

**In Attendance:** Mark Arkwell (Deputy Chief Fire Officer, DCFO)  
Andrew Brittain (External Auditors, Ernest and Young (EY))  
Alex Brown (Head of Property Capital Projects and Estates, HPCP&E)  
Conor Byrne (Head of Finance and Procurement, HF&P)  
Becca Chapman (Data, Performance and Risk Manager, DP&R)  
Daniel Harris (Internal Auditors, RSM)  
Becci Jefferies (Head of Human Resources and Learning and Development, HHR&L&D)  
Allison Kennett (External Auditors, Ernest and Young (EY))  
Andrew McLenahan (Head of Facilities, Fleet and Equipment)  
Katie Mills (Director of Corporate Services, DCS)  
Hannah Sheehan (Democratic Support Assistant, DSA)  
Nikki Richards (Deputy Chief Executive, Dep ChEx)  
Tony Vincent (Head of Business and Information Systems, HBIS)

## 19. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bateson, McKenzie-Boyle and Simpson. Councillors Dudley and Benneyworth attended as substitutes.

Councillor Tony Linden, as Vice Chairman, presided over the meeting in the Chairman's (Councillor McKenzie-Boyle) absence.

## 20. DECLARATIONS OF INTEREST

### Action

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.

**21. MINUTES OF THE MEETING HELD ON 31 MARCH AND 19 JULY 2021**

Katie Mills, Director of Corporate Services (DCS), confirmed that the action on page 13 of the agenda pack was completed.

**RESOLVED** that the Minutes of the meeting held on 30 June, and 19 July 2021, be approved as a true and correct record and signed by the Chairman.

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

There were no matters of consideration referred to this Committee for decision.

**23. INTERNAL AUDIT UPDATE**

Conor Byrne, Head of Finance and Procurement (HF&P), introduced the report, stating that one audit has been completed and finalised since the last Committee meeting. The audit examined performance management at Hub level. Overall, RSM's review identified that the Service has in place a well-designed control framework for managing performance at Hub level. RSM also issued its second highest assurance opinion in relation to the audit.

Dan Harris, Internal Auditor (RSM), highlighted page 26 of the Internal Audit Progress Report outlining the actions arising from the audit, 9 low priority actions and 1 medium priority action.

Dan Harris also highlighted page 32 stating that the audit was undertaken to review Performance Management within the Hub Model, as part of the Internal Audit Plan for 2021/22. Overall the review identified that the Service has a well-designed control framework, this is supported by the approval of objectives within Stations Plans and Local Safety Plans (LSPs).

Councillor Dudley asked whether Hub plans had been altered to take the effect of Covid-19 into consideration. Doug Buchanan, Assistant Chief Fire Officer (ACFO), explained that plans had been altered this financial year and are continually monitored. He said that the audit gave assurance and that he was pleased with the outcome. He also added that there were no major concerns and that he was confident that the actions could be easily remedied.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Stanford-Beale.

**RESOLVED** that the findings as presented in RSM's Progress Report be noted.

#### **24. AUDIT RESULTS REPORT AND STATEMENT OF ACCOUNTS 2019/20**

Conor Byrne, HF&P, introduced the report, explaining that the Statement of Accounts 2019/20 was delayed due to issues identified by Deloitte in relation to the audit of the Berkshire Pension Fund. He added that EY had issued an unqualified opinion on the financial statements, concluding that there were no matters to report on, including the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources.

Andrew Brittain, Ernst and Young presented the Audit Results Report, confirming that the delay was caused by issues with the Berkshire Pension Fund. The follow up work on pensions is now completed, which concludes the Audit and an unqualified opinion has been given. The only changes in this report to the last presented at Audit and Governance, is the pensions follow up work on pages 64-66.

The Vice-Chairman highlighted page 71 of the agenda pack, stating that EY are satisfied that in all significant respects, Royal Berkshire Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020. He said it is a great news story and congratulated those involved for their hard work.

Councillor Dudley stated that he was pleased to see the Statement of Accounts being signed off, after the delay. He said that the clean bill of health will give the people of Berkshire confidence that Royal Berkshire Fire and Rescue Service is run efficiently and well.

Allison Kennett explained that EY had been playing catch up, but now have resources in place and would be in a position to start the 2020/21 audit in a few weeks' time. She also said that the Audit could be completed quickly and efficiently and 90% of the work could be completed this side of Christmas, in order to catch up.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Benneyworth.

**RESOLVED** that:

- The Audit Results Report is noted
- The 2019/20 Statement of Accounts is approved.

Dan Harris, Andrew Brittain and Allison Kennett left the meeting.

#### **25. APPOINTMENT OF EXTERNAL AUDITOR**

Conor Byrne, HF&P introduced the report, explaining that Public Sector Audit

Appointments (PSAA) had issued a formal invitation to the Authority to opt into its national scheme for appointing external auditors. The PSAA's first appointing period ran for five years from 1 April 2018. PSAA's aim for its next procurement exercise is to encourage market sustainability. This will mean firms can bid for contracts of varying sizes and will be required to meet quality standards and realistic market prices. Given current market conditions, opting into the scheme provides the best chances to solve current external audit issues.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Benneyworth.

**RESOLVED** that the Committee:

- Agree the Authority should opt into the national scheme for appointing local auditors.
- Recommends this course of action to the Fire Authority.

## **26. PLANNING ASSUMPTIONS PRESENTATION**

Conor Byrne, HF&P, gave a presentation on Planning Assumptions for the Budget 2022/23. He highlighted the increasing risks around funding and set out the major cost pressures on the Revenue Budget. He said that the assumptions underpinning the Medium Term Financial Plan were funding assumptions, expenditure assumptions and reserves position.

Funding assumptions are; settlement funding assessment, council tax yield and collection fund position. Expenditure assumptions are; pay, pensions, supplies and capital financing costs.

He highlighted funding year on year, 2020/21 Government Grants were £5.7m, Business Rates were 5.7m, Council Tax was 23.8m, totalling to £35.2m in funding. 2021/22, Government Grants were £8.4m, Business Rates were £3.3m, Council Tax was £24.2m, totalling to £35.9m in funding.

The settlement funding assessment compromises baseline business rates income and government grants and will be announced following the spending review. The increase between 2020/21 and 2021/22 was 0.17%.

The Council Tax assumption would be a precept increase for 2022/23. Assuming an increase of 1.99% based on last year's referendum principles, would generate £485k. A Tax Base growth of 1% would generate £242k. The Collection Fund assumption is that part of the 2021/22 deficit (£264k) spread over three years will amount to £76k rolling forward to 2022/23. It is assumed that there will be no new collection fund deficits for 2022/23. The assumption for the Business Rates Collection Fund is that there is potential for significant volatility as the Covid-19 effects of Covid-19 unwind.

Pay Awards for 2021/22 were unbudgeted and will need to be built into the base for 2022/23. Each 1% increase in pay costs £280k. In addition to pay awards,

£143k needs to be built in for increments. There's an increasing pressure on supplies and services over the last couple of years. Contract Inflation of 3% (£231K) has been built in for 2022/23.

There has been an increase in the average employer contribution rates for fire fighter pension schemes from 17.6% to 30.2% from April 2019. Any changes to contribution rates from the 2020 valuation will be applicable from April 2024.

The assumption for the Revenue Budget for 2022/23 is that there will be a shortfall of £1,072,000. This will mean reviewing all areas of activity to prioritise resources for the delivery of key objectives, developing a range of costed savings and ranking savings to match the final funding settlement to balance the budget.

Councillor Dudley stated that the graph of reserves demonstrates the level of reserves held by some Fire Authority's across the country and this is something that Local Government highlight when we request additional funding. He also said that he always highlights to HMIFRS that Royal Berkshire Fire and Rescue Service always provide incredible value and continue to provide a performance that you would expect from a higher quartile Authority. We continue to lobby Government and MPs for flexibility in funding and a 'Fiver for Fire'. An additional £5 per year per household would still provide great value for money and would still leave us in the bottom half of precepting authorities. He said that there had been discussions with local MPs and that the CFO and HF&P were putting together a presentation to demonstrate the work we currently do.

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

The Vice-Chairman moved the recommendation and it was seconded by Councillor Stanford-Beale.

**RESOLVED** that the report be noted.

## **27. PENSIONS UPDATE**

Becci Jefferies, Head of HR and Learning and Development (HHRL&D), gave a verbal update on pensions. She stated that following the Fire Authority's determination in February 2021, six of the 30 'Immediate Detriment' cases had been processed with another two currently in progress. In all but one of these case, benefits have been able to be manually calculated.

On 19 July 2021, HM Treasury introduced the Public Service Pensions and Judicial Offices Bill setting out in law HMT's solution to age discrimination found in the public sector pension schemes. Whilst this Bill will provide some clarity it will not provide guidance on how to complete the work.

The LGA and FBU have worked to agree a Memorandum of Understanding, framework and a timetable for providing remedy to each affected pension

scheme member. The Framework identifies two categories of members, Cat 1 – active members and those staff already being processed under the FA's extant decision and Cat 2 – pensioners. The framework is required to be adopted by the Authority as part of the governance arrangements and a paper will be drafted and brought for consideration as soon as able to do so.

West Yorkshire Pension Fund (WYPF), the Pension Administrator are working to identify affected individuals and the HR department will undertake the same to match records in preparation. Initial estimate are that there are 12 category 2 members at RBFRS.

WYPF currently work with a number of FRA and if all Services adopt the framework around the same time, WYPF could receive a high number of requests all at once which require processing in line with prescribed timelines. This could affect business as usual activity. This work will add additional pressures to FRA payroll and administration, with interest payments also needing to be met by FRS'.

There is currently no further information on the O'Brien case, but the options exercise could arise at the same as the Sargent remedies.

There are currently two public consultations on the cost control mechanism in public service pensions schemes and secondly on the appropriate methodology for setting the discount rate. The Fire Authority, via Conor have responded to.

We will continue to work closely with the FBU and individuals to resolve problems arising in relation to pensions matters.

Councillor Chadwick asked whether there was ball park figure on the cost of the work. Becci stated that it is very difficult to estimate. The framework provides an indication of the additional payments to be made to individuals and how calculated but there will also be additional tax costs arising from remedying cases and costs associated with the administration of processing cases. It is not clear if authorities will receive support to meet the costs.

## **28. QUARTERLY PERFORMANCE REPORT (JANUARY - MARCH 2021) - QUARTER FOUR**

Becca Chapman, Data, Performance and Risk Manager (DP&RM), provided a summary of the Quarter Four Performance report. She highlighted that the number of Safe and Well Visits and Fire Safety Audits exceeded their target for the quarter, there was continued achievement of the response standard, low levels of staff sickness and progress on our priority programmes, with phase 1 of the Built Environment Programme being completed.

Councillor Chadwick asked why there was more staff in development than training on page 34, quadrant four of the report. Becci Jefferies explained that development is the assessment pathway for firefighters, which takes 18 months to demonstrate competency within the role.

Councillor Linden highlighted the exceptional performance from the quarter. He said that despite the ongoing impact of Covid-19, our teams have exceeded expectations in the number of Safe and Well Visits and Fire Safety Audits completed, the Service has continued to meet its Response Standard, responding within 10 minutes on 76.1% of occasions, working time lost to staff sickness remains below the target of 4% and there is progress being made on our Priority Programmes. Councillor Linden added that he was particularly pleased to note the completion of phase one of the High Rise Building Project. He said that he wanted to extend his thanks to all those that contributed to the fantastic achievements.

Councillor Dudley concurred with the Vice-Chairman's congratulations. He highlighted the number of Safe and Well Visits exceeding expectation, stating that staff continue to show incredible bravery going into homes and this needs to be commended. He also said that maintaining our Response Standard during this time was fantastic. He said he wanted to remind residents of Royal Berkshire that we are one of the few Fire and Rescue Services that measure all response in the same way.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Dudley.

**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; and
- The position of corporate risk be noted.

## **29. DATE OF NEXT MEETING**

Monday, 24 January 2021, at 6.30pm, Lynda Kenyon Suite, Royal Berkshire Fire and Rescue Service (RBFRS) Headquarters, Newsham Court, Pincents Kiln, Calcot, Reading, Berkshire RG31 7SD.

*(The meeting concluded at 19:46)*