

MINUTES OF THE MEETING OF THE ROYAL BERKSHIRE FIRE AUTHORITY'S AUDIT AND GOVERNANCE COMMITTEE



Held on Tuesday 11 December 2018 at 6.30pm
RBFRS Headquarters, Newsham Court, Pincents Kiln, Calcot,
Reading, Berkshire RG31 7DS

Members: Councillor Alistair Auty
(* present) Councillor Christine Bateson
Councillor Jeff Brooks
* Councillor Paul Bryant
* Councillor Adrian Edwards
* Councillor Jan Gavin
* Councillor Iain McCracken
* Councillor Satpal Parmar
* Councillor Dexter Smith

In Attendance: Lincoln Ball (Member of Pension Board)
Conor Byrne (Head of Finance and Procurement, HF&P)
Becca Chapman (Data and Performance Analysis Manager)
Stephen Chard (Clerk)
Keith Carruthers (Service Liaison Lead, HMICFRS)
Tony Deacon (Area Manager, Protection and Prevention)
Trevor Ferguson (Chief Fire Officer, CFO)
Steve Foye (Deputy Chief Fire Officer, DCFO)
Tamara Hack (Democratic Support Assistant)
Dan Harris (Internal Auditor, RSM)
Paul Jacques (Area Manager, Collaboration and Policy)
Becci Jefferies (Head of Human Resources, Learning and Development, HHRL&D)
Simon Jefferies (Assistant Chief Fire Officer, ACFO)
Paul King (External Auditor, Ernst & Young)
Andrew McLenahan (Head of Facilities, Fleet and Equipment)
Katie Mills (Head of Corporate Services, HCS)
Ryan Maslen (Deputy Head of Finance)
Jim Powell (Area Manager, Service Delivery)
Anis Rafael (External Auditor, Ernst & Young)
Nikki Richards (Director of Support Services, DSS)
Tony Vincent (Head of Business and Information Services, HBIS)

Action

28. APOLOGIES FOR ABSENCE

Apologies for inability to attend the meeting had been received from Councillors Alistair Auty, Christine Bateson and Jeff Brooks.

29. DECLARATIONS OF INTEREST

In accordance with the provisions of the Fire Authority's Local Code of Conduct there were no declarations of interest received from Members.

There were no declarations of interest received from Officers.

30. MINUTES OF THE MEETING HELD ON 1 NOVEMBER 2018

RESOLVED that the Minutes of the meeting held on 1 November 2018 be approved as a true and correct record and signed by the Chairman.

MATTERS ARISING

Internal Audit Update – it was noted that the actions relating to the scope of the vehicle disposal audit had been finalised, including information provided to Councillor Bryant on the donation of vehicles.

Councillor Bryant stated that he was pleased to note this response.

Emergency Services Mobile Communication Project Update - Steve Foye (Deputy Chief Fire Officer, DCFO) advised that as requested, a presentation on this project would be provided at the next Committee meeting in March 2019. The Home Office Permanent Secretary and/or member of the Programme Team had been invited to attend this meeting.

Quarterly Performance Report 2018-19 – Quarter 1 (April to June 2018) – the DCFO explained that the action, for a presentation and wider debate on ways to improve the Retained Duty System, would be scheduled for a future Committee meeting.

It was also explained that the further two actions identified as part of this item, specifically improvements and updates requested to the report at the last meeting, had both been completed and were captured within the Quarter 2 report.

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

There were no matters to be considered.

32. INTERNAL AUDIT UPDATE

Dan Harris (Internal Auditor, RSM), introduced the report which outlined progress with delivering the 2018/19 Audit Plan.

Members were informed that since the November meeting, audit assignments had been completed for Facilities Management, Capital Investment and Risk Management & Governance, included as appendices.

Looking ahead, Appendix A outlined a busy period of work for Quarter 4 with a number of final reports scheduled to be presented to the Committee at its meeting in March 2019.

Councillor Iain McCracken referred to the Facilities Management report and queried whether the implementation date for planned maintenance works to correct defects of 30 October 2018 had been met. In response, Andrew McLenahan (Head of Facilities, Fleet and Equipment) explained that actions had been implemented on schedule. This included the recording of the defects against the relevant locations in Firewatch and monthly contractor monitoring meetings.

Turning to the key findings section (page 30), it was confirmed that the

variance figure for cost centre 206 (Reactive M&E) should be shown with brackets, i.e. (£145,934).

Councillor McCracken was very pleased with the risk management work undertaken in recent years and was delighted with the current position outlined in the Risk Management & Governance report. He gave thanks to the Internal Audit Team.

RESOLVED THAT:

- The internal auditor's progress report be noted.

33. EXTERNAL AUDIT UPDATE

Conor Byrne, Head of Finance and Procurement (HF&P) introduced the item and invited Paul King (External Auditor, Ernst & Young) to present the Audit Planning Report to the Committee. It was noted that Paul had taken over the Engagement Partner role for the audit for 2018/19 and had an extensive range of audit experience of local public service bodies including local authorities and fire bodies.

Turning to the content of the report, commencing with the overview, Paul King explained that the level of risk and therefore associated focus was unchanged for misstatements due to fraud or error, valuation of land and buildings, and pension liability valuation.

An enhanced focus had been activated for IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. This was primarily due to the introduction of the new accounting standard for the 2018/19 financial year. Whilst Paul King was not of the view that this would have a significant impact at this stage, his expectation was that the Fire Authority would need to assess the impact of these changes on an ongoing basis.

The conclusions in relation to value for money risks were largely unchanged from previous years with no significant risks identified. Reference was made to Brexit and its potential implications, but this was not classed as a significant risk.

Appendix A to the Audit Planning Report explained that Public Sector Audit Appointments Ltd (PSAA) had published the fee scale for the audit of the 2018/19 accounts of opted-in principal local government and police bodies. Fees were subsequently outlined and it was highlighted that the fees set for 2018/19 were 23% lower than the final fee for 2017/18. This was a positive reflection of the negotiation that was undertaken. Paul King explained that regardless of this reduction in fees, this does not imply a reduction in service.

Councillor Paul Bryant questioned the significance of the amber/red rating given in the overview of the report. Paul King explained that the 'red' risks/areas of focus served to identify new accounting standards to adhere to in 2018/19 that were not applicable in 2017/18. However, the level of risk was not seen as significant.

The risks identified as 'amber' denoted that there was no change in the level of risk or the focus applied to it.

Councillor Bryant then queried if 'green' was attainable. Paul King explained

that the risks would remain 'amber' or 'red' as the ability for management override meant that a level of risk would always remain. Councillor Dexter Smith felt that a useful addition would be a reflection on the direction of travel for an area of risk. He also pointed out that in the case of performance/other reports a 'red' measure generally denoted a negative area.

Paul King agreed to take these comments on board and consider whether changes could be made to future reports. Councillor McCracken gave thanks for that and advised that traffic light systems work well in most cases.

PK to action

Councillor Adrian Edwards queried the point made in relation to Brexit and the view that there were no significant risks associated with it. Paul King clarified that from a value for money perspective, there were no significant risks identified from Brexit. He acknowledged that there were potentially wider impacts arising from Brexit.

Councillor Edwards then more specifically asked if there was any concern in relation to a variation in interest rates arising from Brexit. Paul King gave his view that this could be a matter of concern, but this risk would primarily relate to an authority with a substantial quantity of loans that could impact on repayments. In such cases he would expect a risk reserve to be established.

Councillor McCracken gave thanks to Paul King for his presentation of the item and the report. He was particularly pleased to note the decrease in fee. In addition, Appendix B usefully outlined the communications required by Ernst & Young with the Committee and Councillor McCracken noted from this that the External Audit report would be provided in July 2019.

RESOLVED THAT:

- The Audit Planning Report from the External Auditor be noted.

34. ROYAL BERKSHIRE FIRE AUTHORITY – PAY POLICY STATEMENT 2019/20

Becci Jefferies (Head of Human Resources, Learning and Development (HHRL&D)) presented the report. She explained that Section 38(1) of the Localism Act 2011 required the Fire Authority to prepare and publish a Pay Policy Statement each financial year. The HHRL&D explained that the figures used for the Statement were those as of 31 October 2018.

The HHRL&D then drew attention to the fact that the National Joint Council (NJC) had issued a pay agreement for 2018/19 that introduced a 2% pay increase for staff on Local Government Service conditions effective from 1 April 2018. This included the introduction of new spinal column points (SCPs) effective from 1 April 2019 to address the impact of changes to the National Living Wage. The new SCP structure would be published once work had concluded on assimilating Green Book staff to the structure to ensure there was no detrimental impact on staff and no additional salary cost to the Authority.

Details of the apprenticeship pay scales had been included in the

Statement.

The HHRL&D then explained that following a decision by Management Committee in October 2018, a consultation exercise would be undertaken on reducing the redundancy provisions available to those with access to the Local Government Pension Scheme. Subject to the outcome of the consultation, the Statement would be altered to reflect the change from two times statutory weeks based on actual pay to one and a half times statutory weeks based on actual pay.

Employer contribution rates for the firefighter pension schemes for 2019 were currently unknown but indications suggested that there would be a significant increase. The Statement would be updated.

Councillor Paul Bryant referred to the cycle to work scheme and questioned the number of employees who hired bicycles to travel to and from work. The HHRL&D agreed to provide this information outside of the meeting.

Councillor Dexter Smith queried whether car leasing arrangements had any income tax implications. Conor Byrne (HF&P) explained that there were implications. However, he clarified that two car leasing schemes were in operation. An emergency vehicle was an asset and was subject to a different tax calculation. He then added blue light vehicles was only accessible to officers on the Flexible Duty Rota.

Councillor Satpal Parmar asked if electric cars were being procured to lower emissions. Trevor Ferguson (CFO) advised that this was not yet the case.

Councillor Iain McCracken queried whether the work outlined in paragraphs 3.6 and 3.7 of the covering report had been completed. The HHRL&D explained that the consultation exercise relating to a potential reduction in redundancy provisions for staff eligible for the Local Government Pension Scheme (paragraph 3.6) would commence shortly and would run for 45 days. It would complete in Q4 prior to publication of the Statement.

The HHRL&D then advised that the equal pay audit (referenced in paragraph 3.7) would also be completed in Q4 of 2018/19. This would include a review of the Authority's pay data that would be undertaken by the Local Government Association.

The assumptions arising from the 'significant increase' referenced in relation to employer pension contribution rates would be expanded upon by the HF&P as part of the Budget presentation (Agenda Item 9).

Councillor McCracken was pleased to note the fact that the lowest paid post to which an employee would be recruited would attract an hourly rate of £9.16 as this exceeded the compulsory government National Living Wage for workers over 25 years of age of £7.83 per hour (this excluded apprentices).

RESOLVED THAT:

- The content of the draft Pay Policy Statement for 2019/20 had been considered and noted. It was therefore agreed to recommend to Fire Authority that the Pay Policy Statement for 2019/20 be approved, subject to Members' comments and the required updates as detailed in sections 3.6, 3.7 and 3.8.

35. ANNUAL STATEMENT OF ASSURANCE 2017/18

Katie Mills (Head of Corporate Services, HCS) presented the report. She explained that as part of the Fire and Rescue National Framework for England, *“all Fire and Rescue Services are required to provide assurance to their communities and to Government on financial, governance and operational matters and on national resilience capability”*.

The HCS went on to explain that the purpose of this Statement of Assurance was for the Fire Authority to formally confirm the adequacy of arrangements for the effective management of financial, governance and operational matters in the Royal Berkshire Fire and Rescue Service (RBFPS).

The HCS explained that an internal assessment was conducted by RBFPS Officers against the National Framework criteria and it produced four summary judgements. The judgements found that requirements were met in full for the appropriate management of financial matters; those relating to appropriate business practice, high standards of conduct and sound governance; operational matters; and for the requirements of delivering the National Framework. Greater detail was contained in the appendices to the report.

The HCS went on to advise that further assurance was provided via audit activities and these were completed by an external company. A list of the audits undertaken was provided in Appendix F.

Councillor Iain McCracken gave his congratulations to the team for achieving ‘fully met’ for each category of the internal assessment.

RESOLVED THAT:

- The summary judgement within the Statement of Assurance be noted for each of the four key areas of Finance, Governance, Operations and delivering the National Framework.
- The RBFPS Statement of Assurance 2017/18 be approved for signature by the Chairman of the Fire Authority and the Chairman of the Audit and Governance Committee at the Fire Authority meeting in February 2019 prior to its publication.

36. 2019/20 BUDGET AND MEDIUM TERM ASSUMPTIONS AND RISK ANALYSIS PRESENTATION

Conor Byrne, HF&P, provided Members with the latest information in relation to the 2019/20 Budget, the Medium Term Assumptions and Risk Analysis. The presentation was for information purposes only and its purpose was to highlight the risk of volatility of funding and to set out the underpinning assumptions that were being worked through with the Budget Lead Member.

A Comprehensive Spending Review expected to take place during 2019/20, and a new Fire Funding Formula from 2020/21 which could impact on funding distribute to the Fire and Rescue Services across the country. Councillor Iain McCracken suggested it would be useful to liaise with Thames Valley Police on this point as they had concerns in relation to their

funding formula of recent years.

An increase of employer contribution rates for firefighter pension schemes from 17.6% to 30.2% from April 2019 would result in an increase of £1.8m, £400,000 of which had already been built into the Medium Term Financial Plan. Government would fund the remaining balance in 2019/20 of £1.4m. In response to a question from Councillor McCracken, the HF&P confirmed his expectation that the £1.8m would grow year on year and no Government decisions had been made on funding the cost in subsequent years.

Trevor Ferguson (CFO) advised that pension contribution increases were also an issue for Thames Valley Police and work was ongoing by The National Police Chief's Council (NPCC) to highlight the significant concerns on this matter. There were indications that the Home Office and Treasury would respond but this might not be in the form of additional funding, rather a change to how funding was distributed.

Councillor McCracken noted that tax base rises were dependent on the time taken to complete new builds. He queried if it was possible to form an assumption on the growth rate to help forecast Council Tax growth in future years. The HF&P confirmed that this work was being undertaken, but reiterated that this was a very volatile area due to the variations that could occur across the six unitaries.

Councillor Paul Bryant queried whether an increase to the tax base would result in a need for increased expenditure levels for the increased number of properties to service. The HF&P confirmed that there was a relationship between the two, but the associated increase in expenditure would depend on the type of property and its location.

Simon Jefferies (Assistant Chief Fire Officer, ACFO) confirmed that local authority Local Plans fed into plans for the RBFRS. He added that the risk in terms of resource requirements from a new development was considered as was the ability to respond in an emergency.

Councillor Bryant then pointed out that many new houses would need to be built before a new fire station could be built. Meaning it was likely that existing stations would have a greater level of responsibility from developments. The DCFO advised that the RBFRS would be consulted on new developments and resources were considered at this point.

Councillor Adrian Edwards queried it was possible to utilise CIL funds. The CFO explained that this had been investigated but there were many restrictions on the use of CIL. He added that collaboration discussions with other blue light services had included the potential for collective investment. Councillor McCracken was aware that the Police had looked at the potential to use S106 funding, but this had many limitations.

Councillor Bryant commented that the actual funds received by West Berkshire Council from the Business Rates pilot was relatively minimal once this was shared with the Thames Valley Berkshire LEP. The CFO agreed that the retention of Business Rates of 75% did not necessarily equate to the receipt of a certain sum, and the detail of this needed close consideration.

RESOLVED THAT:

- The latest information be noted.

37. ROYAL BERKSHIRE FIRE AND RESCUE SERVICE – GENDER PAY GAP REPORT

Becci Jefferies (HHRL&D) presented the report. She explained that a requirement of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 introduced a requirement for the Authority to publish statutory calculations every year showing how large the pay gap was between their male and female employees, as per the calculations detailed on the UK government website (gov.uk). Information was required to be published on the Authority's website before 31 March 2019 and uploaded onto the Government's Gender Pay Gap Reporting Service.

The HHRL&D also clarified that the report was based on the hourly pay rates as at 31 March 2018 (the 'snapshot' date for the public sector) and was published annually.

The RBFRS was required to report on six measures as outlined in the report and the figures indicated that when comparing the mean average hourly rate, females earned 0.11% more than males. When comparing the median hourly pay rates, females earned 8.31% more than males. This was a very small gender pay gap which was significantly lower than the national average. The report also detailed the proportion of males and females in each pay band and how they were distributed across the organisation.

As at 31 March 2018, three of the Senior Leadership Team were female which accounted for a higher proportion of females in senior roles compared to the proportion of females in the workforce as a whole, as shown in the upper quartile pay band.

Councillor Adrian Edwards felt that it would be sensible for female firefighters to conduct presentations and give demonstrations to the public in order to raise their profile. Becci Jefferies agreed this was an area to consider.

Councillor Jan Gavin noted there was a very small gender pay gap. However, beyond this, there was still some way to go to achieve equality with 25% being the highest proportion of females in any pay band. There was therefore no room for complacency in this area.

In response to a query from Councillor Iain McCracken, Becci Jefferies advised that some of the data submitted to gov.uk would be published.

RESOLVED THAT:

- The contents of the report be noted. It would be submitted to gov.uk as per the reporting requirements.

38. QUARTERLY PERFORMANCE REPORT 2018-19 – QUARTER 2 (JULY TO SEPTEMBER 2018)

Becca Chapman (Data and Performance Analysis Manager) carried out a presentation with an overview of the RBFRS second quarter performance for the 2018/19 financial year

The Committee then worked through the performance report.

Page 5 – Key Data – July to September 2018

Councillor Paul Bryant queried whether the number of primary and more particularly secondary fires had increased in Q2 due to the dry weather or other factors. Steve Foye (DCFO) confirmed that as well as the dry weather, there had been an increase in the number of deliberate secondary fires (from 76 in Q1 to 96 in Q2). RBFRS was working with Thames Valley Police on the deliberate fires. However, the DCFO felt that the number of fires would be largely comparable to the previous year had it not been for the prolonged dry weather.

Councillor Adrian Edwards noted that there would be a focus on the impacts and dangers of deliberate fire setting as part of the schools education programme. While this was commendable, he pointed out that adults were also responsible in some cases and also needed educating.

Page 7 – Concerns and plans for improvement

Councillor Edwards asked why there was one full shift where a wholetime fire appliance was unavailable due to crewing. The DCFO explained that the target was for 100% availability, but during Q2 fire engines were not available due to crewing on three occasions, resulting in 98.4% availability. The primary reason for this was short notice sickness absence during peak leave periods. The measure defined a crewing deficiency when a fire engine was not available for more than two hours. On two of the three occasions, pre-arranged overtime was sourced and the fire engines were made available shortly after the two hour cut off. On the third occasion, managers were unable to source any pre-arranged overtime cover and the fire engine was unavailable for the whole day shift of nine hours.

Page 10 – % of safeguarding referrals made to Local Authorities within 24 hours (Quadrant One)

In response to a query from Councillor McCracken, the DCFO agreed to include information on how this was spread across local authority areas to aid comparisons.

Page 11 – Number of Safe and Well Visits (Quadrant One)

Councillor McCracken queried if this area of activity could be delegated to Green Book staff in order to free up operational staff. The DCFO explained that this was an area for frontline staff, but the visits also included Community Safety Advisors.

Page 13 - % of priority category 1 home safety referrals (Quadrant One)

Councillor McCracken asked whether the policy definition had been published on schedule in November 2018. The DCFO advised that work had been completed on the draft definition and it would be confirmed in the performance report in the next financial year.

Page 26 - % of working time lost to sickness (Quadrant Two)

Councillor Edwards queried what action was being taken to be able to identify reasons for sickness absence where this was currently recorded as unknown. Becci Jefferies (HHRL&D) explained that this was due to some

illnesses not fitting into a category and they were recorded as unknown. However, work was underway to ensure reasons were identified so that support mechanisms could be put in place where appropriate.

Page 28 - % of eligible operational staff successfully completing fitness test (Quadrant Two)

The HHRL&D confirmed the incomplete fitness test queried by Councillor McCracken had now been completed and the individual had passed.

Page 60 – New Fire Station at Theale (Quadrant Three)

Councillor McCracken asked when it was anticipated that this would be delivered. The ACFO advised that the next stage was to complete the remediation tender process.

Page 60 – Whitley Wood Project (Quadrant Three)

The ACFO explained that a single service station was in development within the Strategic Asset Framework.

Page 81 – Cyber Security (Quadrant Four)

Tony Vincent (HBIS) confirmed that the required software had been purchased and was currently being configured.

Page 81 – Procurement Advisory Review (Quadrant Four)

Conor Byrne (HF&P) confirmed that the tender process would commence on 12 December 2018 for contract management software.

Page 83 – Timesheets and Timekeeping (Quadrant Four)

Councillor Edwards was concerned at the delays in producing guidance documents for the new timesheet and annual leave authorisation process. Becci Jefferies (HHRL&D) explained that aspects of this work would be concluded by the date of the next Committee meeting.

Councillor McCracken closed the item by giving thanks to officers for their work on this report and for highlighting areas for Members' attention. He added that he was delighted with the depth and comprehensiveness of the report which continued to improve.

RESOLVED THAT:

- Performance against Service Provision and Corporate Health Measures for the targets agreed by the Fire Authority for 2018/19 be noted.
- The progress made on the two priority programmes be noted.
- The position of corporate risk be noted.
- Further actions be agreed as noted.

39. PENSION BOARD SIX MONTH UPDATE

Lincoln Ball, Member of the Local Pension Board (the Board), presented the report which updated the Committee regarding the activities of the Board (for all firefighter pension schemes) and relevant aspects of pension administration. The Board had met formally on two occasions since the last report as well as informally to work through particular issues.

The Board existed to oversee compliance with the various Firefighter pension schemes. This did not extend to the Local Government Pension Scheme.

This report was largely positive and Lincoln Ball highlighted the following points:

- The Pensions Administrator, West Yorkshire Pension Fund (WYPF) classed the scheme returns data provided by the Authority as high quality in comparison to other FRS whose schemes they managed.
- There were four complex firefighter pension schemes in place and rule changes to continually manage. Due to these complexities, assurance would be sought through the audit programme and a further audit was planned for February or March 2019. The last audit was very positive.
- Pension funding was an area of corporate risk. The Board's expectation was that pension contributions would be paid as required despite financial pressures. The Board had a standing item to consider areas of risk.

RESOLVED THAT:

- The content of the report, including activities undertaken by RBFRS, the Pension Administrator and the Local Pension Board since the last report, be noted.

40. DATE OF NEXT MEETING

The next meeting was scheduled for Monday 11 March 2019 at 6.30pm, in Lynda Kenyon Suite, RBFRS Headquarters, Newsham Court, Pincents Kiln, Calcot, Reading, Berkshire, RG31 7SD.

Councillor Iain McCracken took the opportunity to wish all present a Merry Christmas and a Happy New Year.

41. EXCLUSION OF THE PUBLIC

RESOLVED that:

Under Section 100(A)(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting for the following Agenda Items on the grounds that they involve the likely disclosure of exempt information, as defined in the Paragraphs of Part I of Schedule 12A of the said Act indicated and is exempt information if, and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

42. PART II MINUTES OF THE MEETING HELD ON 1 NOVEMBER 2018

RESOLVED that the Minutes of the Part II meeting held on 1 November 2018 be approved as a true and correct record and signed by the Chairman. It was noted that the Pension Board's six month report had been provided as requested (contained within Part I).

Councillor Iain McCracken gave thanks to officers on the Capital Projects

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Closedown Task and Finish Group. Their work was exemplary and brought the matter to a satisfactory conclusion.

(The meeting concluded at 8.12pm)