

CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY
POLICY AND RESOURCES COMMITTEE: MINUTES

Date: 28th September 2017

Time: 10.30 a.m. – 11.36 a.m.

Place: Fire and Rescue Services HQ, Hinchbrooke Cottage, Brampton Road, Huntingdon

Present: Councillors: D Adey, S Bywater, D Giles, L Nethsingha, J Peach (Vice Chairman) and M Smith

Apologies: Councillors: K Reynolds (Chairman) and T Rogers,

15. APOLOGIES FOR ABSENCE

Apologies for absence received from Councillors Jamil, Reynolds and Rogers.

16. DECLARATIONS OF INTEREST

None.

17. MINUTES OF THE MEETING HELD ON 22nd JUNE 2017

The minutes of the meeting held on 22nd June 2017 were confirmed as a correct record and were signed by the Chairman.

18. POLICY AND RESOURCES COMMITTEE MINUTE ACTION LOG

The Minute Action Log was noted.

19. MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON 20TH JULY 2017

These minutes for information were noted.

20. ISA 260 REPORT COMMUNICATION OF AUDIT MATTERS WITH THOSE CHARGED WITH GOVERNANCE

This report, on the main despatch agenda, included:

- Appendix 1 - the ISA260 Report for 2016-17 (circulated to the Committee following the dispatch of the main agenda)
- Appendix 2 the Annual Governance Statement (attached as part of the main agenda despatch)
- Appendix 3 the draft Statement of Accounts (circulated to the Committee)

following the dispatch of the main agenda)

The Chairman agreed under his delegated powers to take the report and the late despatch appendices as one report.

Barry Pryke along with Zoe Thompson from BDO, the Authority's External Auditors, presented Appendix 1. As part of their introduction they wished to put on record their thanks to the Finance Team for their co-operation, highlighting their appreciation for their efforts to supply the information requested. He was able to report that their audit procedures work was substantially complete with planned scope and objectives achieved, and were on track to issue an unqualified opinion of the Accounts the next day, the 29th September, the deadline for sign off.

Going through the main points of the ISA 260 Report it was highlighted that:

- The following three additional significant risks were identified during the course of the audit procedures subsequent to the Audit Plan dated 10 March 2017 where they had been reported as 'Normal Risk' but had subsequently been elevated to being a 'Significant Risk' for the reasons provided:
 - Property, plant and equipment valuations – the movement in the assets revalued in the year was outside of expectations.
 - Pension liability assumptions – a number of complex assumptions had been used in order to calculate the year end liability.
 - Changes in the presentation of the financial statements – the draft accounts had not been restated and other presentational changes in the Code were not reflected.
- No other significant audit risks had been identified.
- The final materiality threshold had been set at £870,000 updated from their Audit Plan to reflect final amounts.
- The audit identified no material misstatements, however, a material prior year adjustment had been made to the draft financial statements to reverse a provision made in the prior year of £947,000 in relation to costs associated with the modified pension scheme.
- In addition to the above prior year adjustment, the Audit identified one immaterial misstatement regarding the revaluation of one asset (Yaxley Fire Station) which had been amended in the final financial statements.
- The cumulative impact of the above adjustments had decreased net liabilities by £468,000 and increased the deficit on the provision of services by £277,000.
- The financial statements had also been updated to reflect the changes

in the Code, in particular the presentation of the Comprehensive Income and Expenditure Statement (CIES) and restatement of the prior year CIES figures. This had the result that the presentation of the Accounts was now more in line with the presentation in the Authority's budget update reports.

- The audit had identified the following three unadjusted audit differences:
 - £125,000 of expenditure relating to 2017/18 accrued for in error
 - £304,000 understatement of the net pension liability associated with the Local Government Pension Scheme due to a difference between the value of the investments used by the actuary to calculate the net pension liability and the value of investments recognised in the pension fund's financial statements at year end.
 - £20,000 understatement of depreciation in relation to Yaxley Fire Station.
- There was one brought forward unadjusted audit difference that impacted on the prior year resulting in decreasing net liabilities by £158,000 and decreasing the deficit on the provision of services by £158,000.
- Subject to the successful resolution of outstanding matters set out on page 6, which were largely procedural, it was anticipated that BDO would be able to issue an unmodified opinion on the financial statements for the year ended 31 March 2017.
- There were no exceptions to report in relation to the consistency of the Annual Governance Statement with the financial statements.

Subject to the successful resolution of outstanding matters set out on page 6 and listed below, it was anticipated that BDO would be issuing an unmodified opinion on the use of resources for the year ended 31 March 2017.

- In respect of the outstanding items listed below at the date the report was published, these were the subject of oral updates at the meeting, some of which are included against the relevant item below:
- Clearance of outstanding issues on the audit queries tracker currently with management, including:
 - Response to queries raised regarding asset valuations – at the time of the meeting these were still the subject of ongoing discussion
 - Receipt of evidence to support additional accrual sample.
- Clearance of Manager and Director review queries – these had been undertaken.
- Internal quality control review process – undertaken.

- Subsequent events review – this would go on up to the sign off with the bulk of the work already undertaken.
- Receipt and review of final version of financial statements to confirm all agreed audit adjustments have been made and final approval of the financial statements – this would be reviewed following the meeting.
- Management representation letter, as attached in Appendix VI, to be approved and signed – this was to be provided following the meeting.
- The Authority was below the audit threshold (clarified as being £350m) and therefore did not require a full assurance review of the 'Whole of Government' (WGA) Data Collection Tool. Officers explained that the overall liability was £45m which was why it was not being adjusted in the current year.
- No issues had been identified regarding audit independence and objectivity and related matters as set out in Appendix IV.
- Regarding their value for money conclusion, there were no issues.

Points raised in the discussion / responses provided included:

- In reply to a question regarding what criteria was used to value fire owned land, it was explained this was undertaken on the replacement cost value, which was the figure included in the Accounts and was an accounting estimate only, based on market indices and transactions in the area.
- The need to amend the text in the second paragraph on page 17 of the BDO report under the title 'Working with partners' as the assumption as written was that new governance arrangements would be implemented from April 2018. This was premature, as the Home Office decision was not expected until at least December 2017. **The Auditors agreed to change the wording. Action Barry Pryke / Zoe Thompson.**

It was resolved to;

- a) approve the ISA 260 Report for 2016/17 included as Appendix 1 to the report circulated prior to the meeting subject to the required re-wording on page 17,
- b) approve the Annual Governance Statement attached at Appendix 2 to the report,
- c) approve the (draft) Statement of Accounts included as Appendix 3 circulated prior to the meeting.

21. GENERAL DATA PROTECTION REGULATION IMPLEMENTATION –

PROJECT UPDATE

This report presented an update on the work being undertaken to prepare the Fire and Rescue Authority for compliance with new European Union General Data Protection Regulation(GDPR) which is due to come into force on 25th May 2018.

It was noted that

- While there were 110 regulations to comply with, the adult social care data held by the Fire Authority was considered to be in a good place in respect of compliance with the new requirements,
- Three members of staff had received training to GDPR Practitioner level with GDPR Awareness Training having been undertaken by Heads of Group.
- An eLearning course was being developed for use on the Service iLearn portal.
- An Information Governance (IG) Board has been set up as detailed in the report.
- A Consent and Privacy Notices Working Group and an Information Sharing Agreements Working Group have been formed.
- A Data Protection Impact Assessment (DPIA) template has been created.
- A Business Analyst from the Service Transformation and Efficiency Programme(STEP) team has been made available to assist with process mapping.
- An initial meeting with Civica has been held regarding the Community Fire Risk Management Information System and storage of personal data relating to members of the public in the context of the Authority's community safety activities.

The following activities were to be progressed;

- Subject Access Request (SAR) Working Group to be formed to agree the process and responsibilities for dealing with SARs post 25 May 2018.
- SAR Policy/Procedure to be drafted.
- Technology Working Group to be set up to discuss any technology controls/changes to meet GDPR requirements.
- DPIAs to be completed for all data sets held which would be the most resource intensive task.
- A Data Breach Policy/Procedure to be drafted.
- Work with partner agencies to ensure that data sharing would be GDPR

- compliant.
- Data Quality Strategy to be drafted, approved and implemented.

Issues raised in debate included:

- Whether, with the amount of work required to be undertaken to meet the new requirements, the Authority had the necessary resources. It was explained that while the Head of ICT had been appointed as the Project Manager and was responsible for driving the activities forward, that at least during the initial implementation stage it was considered that an additional Data Officer post was required. This was in recognition of the considerable additional administrative burden involved, which was in addition to the new Inspectorate requirements, and that the Authority had already significantly reduced administrative support to achieve budget savings targets.
- Asking whether it was feasible to insure against the substantial fines for non-compliance as detailed in the report. This would be looked into, but it was unlikely that specific insurance could be obtained.

It was resolved

To note the contents of the report and the update position provided.

22. REVENUE AND CAPITAL BUDGET MONITORING REPORT 2017-18

This report provided the Committee with an update on revenue and capital spending as at 31st August with a budget summary showing the main variations to the end of August attached as Appendix 1 to the report.

On revenue expenditure areas highlighted included the following:

- To the end of August 2017, the Service was above the budgeted establishment for firefighters, with seven full-time firefighters recruited and whose training had commenced. This additional recruitment was to help reduce the impact of retirements on operational delivery over the next 12 months. Training the new recruits would absorb the current underspend shown on the training budget line.
- The premises budget was showing an under-spend of £241k. This would diminish by the end of the financial year as property maintenance work was completed and winter energy bills paid.
- Insurance was showing additional costs as a result of financial year-end adjustments, but there was an expectation of a balanced budget at year-end.
- The supplies and services budget was showing an underspend of £288k. largely relating to IT and communication equipment as the Service was awaiting invoices from the Home Office for Airwave

charges.

- The trend of under spending was continuing against the On-Call budget due to the establishment of On-Call firefighters being below that forecast.

Capital spend included;

- The purchase of 48 vehicles including three new fire appliances and a foam water carrier.

In discussion of the report, issues raised included:

- Asking the reason for the overspend on fire allowances – in reply this related to officers being paid a 20% responsibility payment to provide operational cover for out of hours call-up and in respect of financing the transition to the one shift system. A report on the latter would be going forward to the Fire Authority.
- The reasons for the overspend on the external interest line. It was explained that this was due to having originally projected more income from investments than had been realised due to the continued very low interest rates.
- Explanation of the large variation figure for rent and rates - this was to do with the timings of payments with the year-end figure expected to be very close to the budget figure. In respect of rates valuations, some were considered to be unduly high and these were being challenged.
- It was clarified with regard to another query on the progress of rate reductions in terms of applying to be considered for charitable status, this had been investigated and was not a viable option.

It was resolved;

To note the position on revenue and capital spending.

23. STRATEGIC RISK AND OPPORTUNITY MANAGEMENT REGISTER – MONITORING REPORT

This updated strategic risk report as at September 2017 highlighted those risks that were above the risk appetite of the Authority. The distribution of risk from the Strategic Risk Register was shown in paragraph 5.9 of the report highlighting the spread of risk scores with an accompanying short description of each risk. The details of all high and very high risks were listed under paragraph 5.3 with pages 41-44 highlighting the very high risks.

Areas highlighted included:

- At paragraph 5.6 in respect of the mobilising Solution Upgrade Project which triggered two very high event driven risks, one of which had been realised and was an issue. Penetration testing was being undertaken to see what was required to be undertaken to the system which could have cost implications.
- It was highlighted that Risks STA 132, 140 and 141 as detailed in the report were new risks.
- In respect of Risk 100 there had been a successful recruitment exercise.
- Risk 137 in respect of the changing profile of the wholetime service this was both an area of challenge and opportunity especially as in further discussion it was highlighted that the turnover in staff was unprecedented. An area highlighted was in relation to firefighters leaving to take up better remunerated train driving jobs. There was also the issue that 70 senior postholders would be retiring from the Service in the next few years which potentially had serious implications particularly at senior management level. Another issue was the significant fall in the number of incidents and how to maintain the competence of firefighters when dealing with real incidents. This potentially could be a bigger risk than was currently being shown in terms of the potential for injuries and possible corporate manslaughter claims.
- On the issue of obtaining more real incident experience, a question was raised on whether there were opportunities for sharing incidents with neighbouring fire services e.g. Suffolk / Bedfordshire. This could be looked at, but there was limited scope, as for example Bedfordshire, tended to have even less incidents than Cambridgeshire.
- Risk 121 Inspectorate process - explanation requested regarding the mitigation activities to be undertaken and the references to the Police Service. It was explained that the Police had carried out more reviews and therefore Officers from both services were in collaboration to share knowledge and resources. This would help better prepare the Authority for the Inspectorate process.

Having reviewed the information provided:

It was resolved;

To note the strategic risk report and the risk distribution update.

24. FIRE AUTHORITY PROGRAMME MANAGEMENT - MONITORING REPORT

This report provided an update against the corporate projects for 2017-18 as detailed in Appendix 1 to the report.

The Service Transformation Manager highlighted the following areas:

- P072 Combined Fire Control (CFC) Mobilising Solution Upgrade Authority – showing a timescale at an intolerable delay and showing an overall status of red. It was explained that there were still data transfer issues and Officers were liaising to find solutions which had resulted in the suspension of preparatory activities.
- P0104 Implementation of Wholetime Shift System – this was on track to complete by January 2018.
- P073 Asset Management Software – The trial was due to launch at four stations as detailed.
- P084 Review of Reporting – this was going well and on target to complete by the end of the year.
- P089 ESMCP Emergency Services Mobile Communications – This was still awaiting the Home Office schedule, expected to be announced in the next month. It had been confirmed that transition would not take place during 2018 and completion might be as late as 2021. Assurance was provided that this was a project that the Government would not allow to fail as it involved all blue light services and the financial benefits were considered to be significant.
- P098 -Cambridgeshire Public Services Network – This was a County Council led project for which there had been a number delays.
- P102 - Unified Comms (Shared Service Project) – this was progressing well.
- P076 - Virtual Desktop Infrastructure Project – There was now only one user to transfer across.
- Redevelopment of Yaxley Fire Station – completed.
- Huntingdon Property Consolidation Project – paused whilst alternative options were reviewed in collaboration with the Police.
- Huntingdon Crewing Project – this had closed.
- Community Fire Risk Management Information System – this had been paused due to key staff being redirected to activities resulting from the Grenfell Tower fire tragedy but would now recommence looking at data cleansing requirements.
- Training Recording and Competency System - this was on track.
- Co-Responding Project – As a result of the rejection of the national pay offer the trial had ceased in St Neots while Ramsey and March stations had opted to continue on a voluntary basis. The plan was to recommence when it became a core function. **An update report would be provided to the full Fire Authority meeting in November.**

It was resolved;

To note the Programme Status Report as at September 2017.

25. POLICY AND RESOURCES COMMITTEE WORK PROGRAMME

The Committee work programme was noted.

- 26. DATE OF NEXT MEETING – 10.30 A.M. THURSDAY 14TH DECEMBER 2017
AT SERVICE HEADQUARTERS HUNTINGDON**

Chairman
14TH December
2017