

**CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY
POLICY AND RESOURCES COMMITTEE – MINUTES**

Date: 22 September 2016

Time: 2.00pm – 3.30pm

Place: Room 128 Shire Hall, Cambridge

Present: Councillors Sir P Brown, D Divine, D Giles, L Nethsingha (Chairwoman), D Over (Vice Chairman), P Sales, J Schumann and M Shellens

Officers: C Strickland – Chief Fire Officer, L Clampin – BDO External Auditor (present during the discussions recorded at Minutes 72 to 75 inclusive), R Greenhill – Democratic Services Officer and M Warren - Deputy Chief Executive

Apologies: Shahin Ismail – Monitoring Officer

72. DECLARATIONS OF INTEREST

There were no declarations of interest.

73. MINUTES OF THE POLICY AND RESOURCES COMMITTEE MEETING ON 21 JULY 2016

With reference to Minute 70 'Huntingdon Hub Property Rationalisation – Progress Update' Councillor Shellens highlighted that there had been discussion on the opportunity cost of a piece of land adjacent to land held by the Fire Authority that was designated for housing. This was not currently included in the minute and he suggested that reference to the discussion should be added.

It was resolved:

With the addition referred to above, to agree the Minutes of the meeting held on 21st July 2016 as a correct record.

74. MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE MEETING ON 11 AUGUST 2016

The minutes of the Overview and Scrutiny Committee meeting held on 11 August 2016 were noted.

75. ISA 260 – COMMUNICATION OF AUDIT MATTERS WITH THOSE CHARGED WITH GOVERNANCE

The Committee considered a report by the Deputy Chief Executive which sought the Committee's approval of the appointed auditors' ISA 260 report for 2015/16, the Statement of Accounts to which they related and the Annual Governance Statement. The ISA 260 report and statement for accounts had been received late due to the on-going audit, but had been accepted by the Chairwoman due to the need for account approval by 30 September 2016. With the Chairwoman's approval the external auditor tabled an updated version of Appendix 2 to the audit report setting out unadjusted audit differences.

The External Auditor presented the audit report to the Policy and Resources Committee as the holder of delegated authority in relation to Fire Authority accounts. The audit had been completed as advised in the audit plan and, subject to the successful resolution of the issues set out in the outstanding matters section of the report, the external auditors anticipated issuing an unqualified opinion on the financial statements for the year ended 31 March 2016. There were no matters to report in relation to the annual governance statement and the auditors were satisfied that the Fire Authority had adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources and so anticipated issuing an unqualified value for money conclusion for the period.

Key audit and accounting matters identified during the course of the audit were:

- Corrections made by management in the draft financial statements regarding the cost to the Fire Authority of the modified pension scheme which had increased the deficit for the year by £948k;
- One unadjusted audit difference of £53k related to depreciation charges;
- A number of presentational errors and immaterial disclosures in the draft accounts presented for audit.

The following points were made in discussion of the report and in response to questions from members:

- Unadjusted audit differences: A letter had been received from the Pension Fund earlier in the week indicating some differences in the figures in the accounts and those noted by the actuaries. BDO had looked at this and predicted a difference of £154k. BDO's view, with which Fire Authority management concurred, was that this was not a material difference;
- A balance sheet depreciation of £53k would have a rollover effect on next year's accounts;
- BDO did not anticipate any other significant differences to be identified at this stage;
- Summary of Audit Findings: Work on pensions had now been completed and the cash flow statement would be marked complete once all other work had been carried out. Work on the Whole of Government Accounts and the Narrative Report was in hand as part of the final work on the accounts. Work on all of the outstanding matters described on page 16 of the report was confirmed as in hand;
- Work on pension liability assumptions was confirmed as complete;
- The mechanism for signing off the accounts was noted, whereby the Deputy Chief Executive would sign off the accounts by the end of September for BDO to do a final check. The external auditor would then sign off the accounts. It was noted that the Policy and Resources Committee had delegated authority to approve the ISA 260 Report and that the Chairwoman and Deputy Chief Executive would sign off the audit. Councillor Sir Peter Brown would sign off the statement of accounts in his capacity as Chairman of the Fire Authority;
- In response to a question from the Committee the external auditor confirmed that the Committee would not be in default of the regulations if members approved the accounts at this meeting, subject to the final amendments detailed above;
- The external auditor offered her thanks to the Deputy Chief Executive and his team for their co-operation throughout the audit.

It was resolved, subject to the final adjustments described above, to:

1. approve the ISA 260 Report for 2015-16;

2. approve the Annual Governance Statement attached as Appendix 2 to the report;
3. Approve the draft Statement of Accounts for 2015-16.

76. GUIDANCE ON FOUR YEAR SETTLEMENTS

The Deputy Chief Executive presented a report containing a draft Efficiency Plan for comment and approval. He noted that the draft Revenue Support Grant (RSG) Settlement received on 20 December 2015 had offered the opportunity for all local authorities to accept a four year settlement, provided that an efficiency statement for the same period was submitted to and approved by the Treasury. The Home Office had issued a template to be completed and returned to officers in that department by 14 October 2016.

The following comments were offered during discussion of the draft Efficiency Plan:

- The 65% reduction in RSG between 2015/16 and 2019/20 should be broken down further;
- It was assumed that the RSG would evaporate by 2020;
- There had been some rounding of figures relating to the council tax Band D precept increase;
- It was hoped that the growth in council tax base yield would be above the 1% shown in the report;
- The bullet points on page 6 of the report relating to the Service Efficiency Programme should be expanded slightly to give more context and to describe those measures already being taken. Reference should also be made on this page to the collaborative working arrangements in place with the East of England Ambulance Service which had led to an ambulance being based at Cambridge Fire Station;
- Page 7 should be revised to include more information on the use of resources and to expand the narrative.

It was resolved:

To approve the draft Efficiency Plan, subject to the revisions detailed above. An amended text reflecting these comments and highlighting the changes made would be circulated to members.

(Action: The Deputy Chief Executive)

77. BUSINESS RATES RETENTION CONSULTATION

The Deputy Chief Executive presented a report containing a draft response to a consultation document issued by the Department for Communities and Local Government (DCLG) which proposed that, by the end of the current Parliament, local government would retain 100% of taxes raised locally. It further proposed that fire funding should be removed from the business rates scheme and be replaced with a specific fire grant that was equal to current levels of funding.

Some members expressed concern that separating fire funding from the business rates scheme would make it a discreet item of funding which might more easily be targeted in future cuts to grants. Whilst noting that the police service was funded by a specific police grant and that historically this had been protected from wider cuts to services members felt that it would be helpful to seek some reassurance that fire service funding would be ring-fenced, even if only for an initial few years.

It was resolved:

To approve the draft consultation response, subject to some minor re-wording regarding the wish for a period of ring-fencing for fire funding.

(Action: The Deputy Chief Executive to circulate a revised form of words)

78. HUNTINGDON PROPERTY RATIONALISATION

The Committee received a report by the Deputy Chief Executive which provided an update on the proposed Huntingdon property rationalisation and the opportunity for a joint review of the estate with the Police and Crime Commissioner (PCC) for Cambridgeshire. The report had been received after the papers for the meeting had been published, but had been accepted by the Chairwoman due to potential timing constraints relating to the St John's site.

The Deputy Chief Executive said that work was continuing to progress in relation to the St John's site, but that officers felt that the risk of losing the site would remain low in the short term if a contract was not signed by the end of September. A planning application was ready to be submitted if required, but had been paused in the light of discussions with the PCC. The PCC was reviewing the police estate in the Huntingdon area and that there was a clear appetite to establish a joint project group to address property issues within both services. It was hoped that the East of England Ambulance Service would also be represented on this group.

The following points arose in discussion:

- Members considered the composition for the proposed project group, including possible representation by town and district councils;
- The issue of safe access and egress from the A141 to the St John's site would require serious consideration if it was proposed to increase the number of services and individuals based on the site;
- The security implications of locating a number of emergency services on a single site would need to be addressed;
- The possible increase in cost of purchasing the St John's site if the procurement was delayed. The Deputy Chief Executive judged that any such increase would be more than offset by the increase in value of the existing headquarters site during the same period;
- The Chief Fire Officer highlighted the opportunity to explore a joined up approach to public sector estate management in Huntingdon. This would look not only at the St John's site, but at all options within the Huntingdon area;
- Members questioned whether the proposal to submit a report to the Fire Authority in February 2017 represented a realistic timetable in view of the significance and complexity of the issues involved. It was agreed that the Committee would review the position in at its next meeting in December to decide whether this timescale was viable;
- Some members questioned whether the Fire Authority should press ahead with plans for the St John's site on the proviso that these plans could be changed if work with the PCC should subsequently proceed. The Deputy Chief Executive said that it was important that a true collaboration take place with the PCC and that to proceed in isolation with some aspects of the project might suggest that the Fire Authority's position had already been decided. It would also be necessary to sign contracts to

purchase the land which would be costly to walk away from should plans subsequently change.

It was resolved:

1. To approve the creation of a joint review project focused on rationalising the fire and police estate within Huntingdon and to consider the opportunities to work with the East of England Ambulance Service.
2. To review the composition and work of the joint review project group at the Committee's next meeting in December 2016 and to decide next steps;
3. That the Fire Authority would be represented on the joint review project group by Councillors Sir Peter Brown, Lucy Nethsingha and Joshua Schuman, the Chief Fire Officer and the Deputy Chief Executive. Additional members might also be co-opted as needed. Cllr Sales confirmed that he was content with this representation.

79. REVENUE AND CAPITAL BUDGET MONITORING REPORT 2016-17

The Deputy Chief Executive presented a report which provided an update on revenue and capital spending as at 31 August 2016.

The budget for 2016/17 was approved by the Fire Authority in February 2016. The total budget was set at £28.453m with a total precept of £17.773m. Savings of £548k had been identified as part of the 2016/17 budget preparation process and these had been used to offset the loss of government grant. A budgetary control summary showing the main variations to the end of August 2016 was attached to the report as Appendix 1.

The following points were noted in discussion:

- There was currently a slight overspend on full-time firefighters. This reflected a number of new recruits having recently joined the service whilst it was at establishment in preparation for a projected drop below required numbers in the next 12-18 months due to retirements. This would be balanced by a number of off-setting savings including restructuring of the management team and reduction in the cost of fire allowances paid to officers working in excess of their contracted hours;
- An underspend on cleaning related to invoices from a new contractor. The Deputy Chief Executive confirmed that this delay was due to delayed invoicing by the contractor rather than late payment by the Fire Service;
- Savings on vehicle running expenses due to an efficient modern fleet. It was agreed that this should be flagged up in the budget report;
(Action: The Deputy Chief Executive)
- Expenditure on fire equipment included consumables such as fire hoses;
- Other supplies and services included expenditure such as the delivery of fire safety programmes and projects including asset management solutions.

It was resolved:

To note the position on revenue and capital spending set out in the report.

80. RISK MANAGEMENT MONITORING REPORT

The Deputy Chief Executive presented an updated strategic risk report, correct as at September 2016, which highlighted those risks which were considered to be above the risk appetite of the Fire Authority.

The Committee focused its discussion on those risks which were identified as high or very high both in relation to their potential impact and the probability of them occurring. The following points were raised in discussion:

- The risk of mis-mobilisations due to Suffolk Fire and Rescue Service (SFRS) not resolving the status of whole-time appliances at larger stations and relying on the memory of control staff and inconsistent practices. It was noted that officers had written to their counterparts at SFRS to make clear their concerns, but members judged that they too would wish to raise their concerns. Whilst recognising that this was an operational matter for SFRS, members would like to seek reassurance about the steps that had been taken by SFRS to mitigate this risk. The potential risk of reputational damage to Cambridgeshire and Peterborough Fire Authority was also noted;
(Action: The Chief Fire Officer to draft a letter to Suffolk Fire and Rescue Service for the Chairwoman's signature setting out the Committee's concerns and seeking reassurance on the points described above).
- The risk of cyber-attack. The Deputy Chief Executive said that officers were acutely aware of the increasingly varied and sophisticated nature of cyber threats and of the need to actively manage this risk. Work focused both on the ability to minimise risks and to recover from attacks and included an annual penetration test;
- Members expressed concern about potential risks which might not have been identified and suggested that it would be helpful to look at the risks identified by other Fire Authorities and public sector organisations;
- It was noted that it had been agreed previously to remove risk R040 which related to bullying and harassment due to government cuts as this was no longer considered to be a live issue.

It was resolved:

To review and note the Strategic Risk report and comment as recorded above.

81. POLICY AND RESOURCES COMMITTEE WORK PROGRAMME

The Committee noted that a report would be submitted to the full Fire Authority in October which would address the question of public speaking at Fire Authority meetings. It was agreed that the Deputy Chief Executive and the Monitoring Officer would consider the timing and process for changing the Standing Orders relating to meetings in the light of any proposed changes and that these would be circulated in draft to members outside of the meeting for comment.

(Action: The Deputy Chief Executive and Monitoring Officer)

The Committee noted that an item on the Huntingdon Property Rationalisation joint review project group would be added to the agenda plan for October to enable the Committee to review progress and representation on the group and to decide next steps.

(Action: Democratic Services)

Subject to the points above, it was resolved:

To note the Policy and Resources Committee Work Programme.

82. DATE OF NEXT MEETING

It was noted that the Committee would meet next on Thursday 8 December 2016 at 2.00pm in Room 128, Shire Hall, Cambridge.

83. FUTURE MEETINGS

Thursday 26 January 2017 at 10.30am, Fire and Rescue Service headquarters, Huntingdon.

Thursday 6 April 2017 at 10.30am, Fire and Rescue Service headquarters, Huntingdon.

Chairwoman
8th December