

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 2 December 2015 at 10.00 am

**Present:** Councillors Exon, Glover, Huxley, Mallen and Watson (Chairman)

**Officers:** J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), D Sutherland (Director of Finance and Assets), L Swift (Director of People and Organisational Development), G Smith (Head of Service Delivery), J Parsons (Head of Service Development), L Blunt (Deputy Finance Officer), M Gibb (Internal Audit Manager), B Davidson (Internal Audit), S Gowanlock (Corporate Planning Manager), G Barry (Information Governance and Compliance Manager) and Katie Nellist (Democratic Services Officer)

**Apologies:** Councillors Bendyshe-Brown, Clarke OBE, Vigor-Hedderly and Wilson

#### **0A24 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 23 September 2015, be approved and signed by the Chairman as a correct record.

#### **0A25 CORPORATE RISK MANAGEMENT**

The Corporate Planning Manager advised Members that the Corporate Risk Register was last reviewed by the Overview and Audit Committee on 23 September 2015, and also by the Performance Management Board (PMB) on 22 October 2015 and the Strategic Management Board (SMB) on 10 November 2015. As a result of those reviews, no new risks had been identified and there were no changes to the risk scores.

Since the report was written there had been a couple of developments that the Corporate Planning Manager wanted to bring to Members' attention; the first one related to the staff availability risk and the risk of industrial action in relation to the pensions dispute.

The Chief Fire Officer had received a letter from Matt Wrack, General Secretary of the Fire Brigades Union, informing the Authority 'no further strikes will be called in relation to the existing trade dispute on pensions, while this legal challenge is pursued. For the avoidance of doubt, and for your purposes, I can confirm that no strike action will be called before June 2017'.

The risk score would be reviewed in light of this new development, but it was unlikely to change as it was a general risk to staff availability and industrial action was only one factor of it.

The other update was in relation to the funding and savings risk. There was still a degree of uncertainty following the Autumn Statement. The Government had announced its intention to devolve business rates to local authorities by the end of this parliament and withdraw central government grants. It was not clear how this would affect some of the more specialist grants the Authority receives such as USAR.

The Director of Finance and Assets advised Members that the Authority was aware that the Government intended to transfer 100% of the business rates through to local authorities and remove the revenue

support grant. In terms of medium term financial planning, it was being monitored closely.

A question was asked regarding the wider terrorism risk and whether it came under corporate risk. Members were advised that it came within the scope of the Authority's public safety plan and integrated risk management planning and training exercises were undertaken with partners for eventualities of that nature.

The Deputy Chief Fire Officer advised Members that the Authority currently had an embedded officer seconded into the South East Counter Terrorism Unit. This officer represented all of the Thames Valley Fire and Rescue Authorities including Hampshire.

The Deputy Chief Fire Officer also reassured Members that the Authority had a number of National Inter-Agency Liaison Officers (NILO) who had undertaken special vetting to gain access to shared intelligence that was held on the wider Thames Valley area and beyond and this was factored into the Authority's planning and operations.

A question was asked as to how the Authority was dealing with the ageing workforce risk. Members were advised that from April 2016 it was planned to refresh the workforce with up to 10 apprentices a year for three years. This would fit in with the workforce plan and predicted retirement profile and was factored into the medium term financial plan. This was primarily for firefighter replacement. A briefing sheet would be sent out to Members with all the information, for them to pass on at Local Area Forums and Parish Councils.

RESOLVED –

That the status report on identified corporate risks at Annex C be noted.

**0A26**

## **INTERNAL AUDIT REPORTS**

### **(A) Internal Audit Report: Final Audit Report**

The Internal Audit Manager advised Members that the purpose of this paper was to update the Committee on the finalised Internal Audit reports issued since the last meeting. One report, Asset Management System, had been issued since the last meeting.

The recommendations had all been agreed with management and suitable deadline dates for implementation had been identified. Internal Audit would monitor implementation of the recommendations as they fall due.

The areas looked at were governance and system security, functionality and recording of assets, and reporting. The report had been given a 'reasonable' level of assurance, that relevant risks were effectively identified, managed and controlled. Eight recommendations were raised, four were high priority, but easily rectified, three medium and one low priority.

RESOLVED –

That the recommendations raised in the finalised Internal Audit report be noted.

### **(B) Internal Audit Report: Update of Progress of audit recommendations**

The Internal Audit Manager advised that the purpose of the report was to update Members on the progress of the implementation of audit

recommendations. In total there were 33 recommendations, 27 had been fully implemented, 4 were on track but were not yet due and there were 2 which had not been implemented and the due date revised. The 2 recommendations which had not been fully implemented had been progressed but were not yet fully complete. There were no outstanding recommendations to be brought to the attention of the Committee at that time.

Internal Audit continued to actively monitor implementation of all outstanding recommendations throughout the year.

RESOLVED –

That the progress on the implementation of recommendations be noted.

### **(C) Internal Audit Report: Update of Progress of the Annual Audit Plan**

The Internal Audit Manager advised that the purpose of the report was to update Members on the progress of the annual internal audit plan; work was progressing according to the 2015/16 plan and regular discussions had been held with the Director of Finance and Assets to monitor progress.

The Asset Management System report had now been issued as a final report and the Pensions Administration audit had now been issued as a draft report and was out for management comment and would be presented at the next Overview and Audit Committee.

The Control Centre review would now be undertaken in Quarter four along with the HR People Management audit. All work was progressing as planned and the follow ups were on-going.

The Core Financial Controls audit which looks at the key financial areas of the Authority was carried out every year in Quarter Four. The External Auditors place reliance on the work carried out by Internal Audit and any actions identified that need to be implemented and that formed part of their annual opinion.

RESOLVED –

That the progress on the annual Audit Plan be noted.

## **OA27**

### **TREASURY MANAGEMENT PERFORMANCE 2015/16 – QUARTER 2**

The Director of Finance and Assets introduced the Finance Officer who was the author of the two Treasury Management reports and responsible for looking after the Authority's day to day investments.

The Treasury Management Performance report continued to justify the Authority's decision to bring Treasury Management in house. The accrued interest earned for the first half of 2015/16 was £84k, which was £34k higher than the budget for the period.

A question was asked regarding the stability of Standard Chartered Bank and Royal Bank of Scotland, as the report showed they had been downgraded to 'no colour'. Capita had advised that they were still comfortable with Standard Chartered Bank and as at 13 October 2015, had re-classed the bank as 'Red – 6 months' status. Standard Chartered Bank and the Royal Bank of Scotland were certificates of deposit and the Authority could come out of those, at any time, on the advice of Capita.

The Director of Finance and Assets advised Members that the Counterparty list was on constant review and regular updates and meetings with Capita the advisors were held.

RESOLVED –

That the Treasury Management Performance 2015/16 – Quarter 2 report be noted.

**OA28**

**TREASURY MANAGEMENT STRATEGY 2016/17**

The Director of Finance and Assets advised Members that this was the first time the Committee had examined the Treasury Management Strategy, as the Authority had recently determined to pass the monitoring of this to the Overview and Audit Committee.

The Authority was obliged to set a Treasury Management Policy and Strategy every year and was obliged to ensure it was done before the end of the financial year for the year to follow. If approved today, the strategy would be forwarded to the February 2016 Fire Authority meeting for approval.

The report sets out a fairly prudent approach to investment management to ensure that the balance of risk versus the reward was as balanced as it could be, by proactive management.

A question was asked regarding ethical investment which had been raised before. The Director of Finance and Assets explained the Authority's position regarding investing or otherwise in ethical investments. The duty of the Authority was to ensure that the rate payers were protected as far as possible, in relation to any returns the Authority seek to get. The question of which companies offer truly ethical investment was very subjective and the evidence was these are few in number, are not necessarily securely rated and do not bring returns in line with normal market expectations.

RESOLVED –

That the Authority be recommended to approve the Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy for 2016/17.

**OA29**

**BUSINESS AND SYSTEMS INTEGRATION PROJECT: PROGRESS REPORT**

The Head of Service Development advised the Committee that the project was given the go ahead by the Executive Committee on 29 July 2015. At the Executive Committee meeting on 18 November, it was agreed that update reports would come to this Committee.

The project was sponsored by the Head of Service Development, the Director of People and Organisational Development and the Acting Director of Finance and Assets and a Project Manager, Anne-Marie Carter, had been appointed. A wide ranging stakeholder group was formed to finalise the technical specification.

Some detailed work had been undertaken with Royal Berkshire Fire and Rescue Service over opportunities to collaborate. This work had progressed well with agreements to collaborate in various areas extensively through the course of the project. The Project Manager was completing further stakeholder analysis and developing a communications strategy for all staff and stakeholders.

A question was asked as to whether the project was now fully staffed, and a Business Systems Analysis recruited. The Head of Service Development advised Members that the role had already been advertised but the quality of response was not deemed suitable, so it was hoped that the job market would be more buoyant in the New Year.

RESOLVED –

That the report be noted.

**OA30**

**KIS STRATEGY 2014-2019 REVIEW & PROGRESS REPORT**

The Head of Service Transformation advised that at the meeting of this Committee on 23 September 2015, Members received a report from the auditors in relation to the audit of the Knowledge and Information Systems (KIS) Strategy 2014-2019.

The report recommended two actions, that the KIS Strategy be reviewed to provide a more concise view of the way forward and the project portfolio be updated. The KIS Strategy had since been subject to a very detailed review which found that the existing strategy was still very much fit for purpose. A new project portfolio had been developed which clearly set out the projects which were live, those that were completed and those which were now considered business as usual. The review evidenced progress against the strategic business requirements and key issues and contained detail on the performance of the department which clearly showed the progress that had been made.

RESOLVED –

That the contents of the report be noted.

**OA31**

**DATE OF NEXT MEETING**

The Committee noted that the next meeting of the Committee would take place on Wednesday 9 March 2016 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.04 AM