

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 14 SEPTEMBER 2016 at 10.00 am

**Present:** Councillors Brunning, Clarke OBE, Exon, Glover, Huxley, Mallen, Teesdale, Watson (Chairman) and Wilson

**Officers:** J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), D Sutherland (Director of Finance and Assets), G Britten (Director of Legal and Governance), N Boustred (Head of Service Delivery), M Hemming (Deputy Director of Finance and Assets), K McCafferty (Head of Human Resources), M Gibb (Internal Audit Manager), B Davidson (Internal Audit), S Gowanlock (Corporate Planning Manager), A Carter (BASI Project Manager), G Barry (Information Governance and Compliance Manager), D Guest (Ernst & Young) and K Nellist (Democratic Services Officer)

**Apologies:** None.

**0A14 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 27 July 2016, be approved and signed by the Chairman as a correct record.

**0A15 RIPA POLICY (MINUTE OA39 – 090316)**

RESOLVED –

To note a Nil Return.

**0A16 APPOINTMENT OF HEARING AND APPEALS SUB COMMITTEES**

The Chairman advised Members that there was no precedent at the Fire Authority for setting up a Hearing or Appeals Sub Committee, but Members would need to agree on the composition of both. Both Committees would be made up of three Members and an Independent Person and to clarify only Fire Authority Members would be eligible to vote. The Chairman was mindful of the political mix and also mindful of the fact that there were two Councils represented on this body and he would like to see a proportionate political balance and a proportionate balance across the Councils.

The Director of Legal and Governance advised Members that as the Chairman had indicated, there was no precedent for the Committee to need to establish either a Hearing or Appeals Sub Committees previously, although it was within the procedure that was adopted and approved by the full Authority in 2012.

The Director of Legal and Governance advised Members that recommendations 1 and 3 related to the Committee agreeing to appoint the two Sub Committees and recommendations 2 and 4 related to populating those Sub Committees with Members. The Committees must be governed by political balance and look at seats across the whole Authority. The report that went to the Authority AGM showed the percentages were Conservative 64.7%, (2 Conservatives on each Sub Committee) with Labour and Liberal Democrat at 11.7647% (eligible for 1 seat on either the Hearing or Appeals Sub Committee).

The Chairman was also mindful that these Committees would involve extra work for those Members involved and intended to cancel the December Overview and Audit Committee meeting and move the agenda to a subsequent meeting. The Chairman also advised that the Sub Committee meetings would be likely to take place in the evening, rather than during the day, if possible.

A Member asked what options would be open to the Hearings Committee if the Member was found in breach of the Code of Conduct and was advised that there were a suite of options. The first action would be to decide if the allegation was upheld, and if it was upheld, was it a breach of the Code of Conduct and then decide what sanctions to apply. There were very few sanctions available. The most severe sanction would be a recommendation up to a meeting of the full Authority that a Member should be removed from a Committee, or a Member if they had a special responsibility, would have that special responsibility taken away from them or there could be a recommendation that the Member undertakes further specific training in certain areas or training in terms of certain paragraphs of the Code of Conduct. The Authority under the current legislation had no power to suspend a Member from the Authority itself.

The Independent Person for the Hearing Sub Committee would be Maureen Briggs.

RESOLVED –

1. a Hearing Sub Committee be established to determine in consultation with an independent person whether a Member of the Authority has failed to comply with the Authority's Code of Conduct and to recommend actions on behalf of the Overview and Audit Committee resulting from any such findings.
2. three members be appointed to the Hearing Sub Committee:
  - having been proposed by Councillor Glover and seconded by Councillor Clarke, that Councillor Watson be appointed to the Hearing Sub Committee;
  - having been proposed by Councillor Watson and seconded by Councillor Brunning, that Councillor Glover be appointed to the Hearing Sub Committee;
  - having been proposed by Councillor Watson and seconded by Councillor Brunning, that Councillor Exon be appointed to the Hearing Sub Committee.
3. an Appeals Sub Committee be established to adjudicate in consultation with an Independent Person on appeals from a Hearing Sub Committee on the grounds that:
  - a) the Authority's complaints procedure has been wrongly applied; or
  - b) new evidence has come to light since the hearing which, if disclosed to the Hearing Sub Committee, may result in a different outcome; or
  - c) the Hearing Sub Committee has misdirected itself in law, such as to result in an unfair decision.
4. three Members not appointed to the Hearing Sub Committee be appointed to the Appeals Sub Committee:

having been proposed by Councillor Glover and seconded by Councillor Watson, that Councillor Clarke be appointed to the Appeals Sub Committee;

having been proposed by Councillor Watson and seconded by Councillor Glover, that Councillor Brunning be appointed to the Appeals Sub Committee;

having been proposed by Councillor Clarke and seconded by Councillor Brunning, that Councillor Huxley be appointed to the Appeals Sub Committee.

Members agreed to all of the above appointments unanimously.

## **OA17**

### **INTERNAL AUDIT REPORT: FINAL AUDIT REPORT**

The Internal Audit Manager advised that the purpose of this report was to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting.

The first report was the management letter following the review of the governance arrangements for the Thames Valley Fire Control Service. This had been issued since the last meeting and had been agreed with management. There were no recommendations raised as a result of this audit.

The second report was the Core Financial Controls 2015/16 Audit which had also been finalised. Ten recommendations were raised, one high priority, five medium and four low priority. Recommendations had been agreed with management and eight out of ten had already been implemented. Internal Audit would monitor implementation of the other recommendations as they fell due. The overall audit opinion was that 'Substantial' assurance could be provided that relevant risks were effectively identified, managed and controlled.

A Member asked if the risks identified in Appendix A were actual risks and was advised that they were the proposed scope of the audit and were potential risks, not actual risks. This was the agreed scope at the beginning of the audit, rather than actual findings.

RESOLVED –

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

## **OA18**

### **AUDITOR APPOINTMENTS**

The Deputy Director of Finance and Assets advised Members that the current audit contracts were novated from the Audit Commission to Public Sector Audit Appointments Limited (PSAA) on 1 April 2015. The contracts were due to expire following conclusion of the audits of 2016/17 accounts, but could be extended for a period of up to three years by PSAA.

In October 2015, the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year for audits of principal local government bodies only. The new framework for principal local government bodies will commence with the 2018/19 audits.

There are three options available to local public bodies for appointing an auditor. These are to:

1. undertake an individual auditor procurement and appointment exercise;
2. undertake a joint audit procurement and appointment exercise with other bodies, those in the same locality; or
3. join a 'sector led body' arrangement where specified appointing person status had been achieved under the relevant regulations.

The recommendation was that the Authority opt into the sector led body, primarily to get a better price and a better service.

A Member asked if the Auditor was dealing with a number of other Authorities, what were the safeguards that nothing is missed for this Authority and was advised that if the Authority does go with the sector led body and they audit a number of Fire Authorities, they will share best practice and this will improve the quality of the audit.

RESOLVED –

That the Authority be recommended to approve for the Authority to join a 'sector led body' arrangement.

## **OA19**

### **CORPORATE RISK MANAGEMENT**

The Corporate Planning Manager advised Members that the report provided an update on the current status of identified corporate risks. Risk registers were maintained at project, departmental and directorate levels. Corporate risks were those that had been escalated from these levels for scrutiny by the Strategic Management Board because of their magnitude, proximity or because the treatments and controls require significant development.

The amber and red risks noted on the Corporate Risk Map (Annex A) were explained in more detail.

The Deputy Director of Finance and Assets advised Members that one of the issues around the funding and saving risk was the USAR (Urban Search and Rescue) grant for national resilience. This year the Government had agreed the first six months of the funding, subject to further review. Currently this funding was worth just under £900K a year to the Authority. If this was lost, it would be a significant risk to the Authority.

Other risks in the background included 'Brexit' and early indications showed it might not be as catastrophic as previously forecast, but it was still too early to tell, but in relation to the USAR Funding it was a relatively small risk.

A Four Year Settlement and Efficiency Funding Plan was being taken to the Executive Committee on the 21 September 2016 which would guarantee the Authority's funding for the next four years, although this didn't guarantee all funding, only the Revenue Support Grant.

The Director of Finance and Assets advised Members that if the Executive Committee were minded to go with the recommendations regarding the Four Year Savings and Efficiency Plan then it may be possible to reduce the risk to amber.

A Member asked if the Chief Fire Officer had thought to write to all the MPs regarding the possibility of excluding the Fire Service from business rates and was advised that the consultation with regard to business rates was currently ongoing. It was an open consultation and within the consultation the Home Office had set out specifics for Fire, which proposes

to move Fire to the same funding mechanism as the Police. This Authority had responded to say it agreed with this proposition.

The Head of Human Resources updated Members on the ageing workforce risk which was quite common across many fire and rescue services. In April 2015 the average age of the Authority's firefighters was 39 year old. Twenty-two firefighter apprentices had started in August 2016 and this would help mitigation of that risk. The Authority would not readjust this risk until the apprentices had completed their training and become operational in October 2016. The Firefighter apprentices were aged between 18-28 and this should have a positive impact. The Authority still had twenty operational staff over 50 years of age.

The Head of Human Resources advised Members that some other consequences within this risk were managing the workforce in terms of well-being and health. The Authority had invested in fitness testing, gym equipment on stations and the Global Corporate Challenge. The Authority was also going out to tender for its Occupational Health provision.

A Member asked how long the apprenticeship training would be and was advised that it might typically take two years, although they would be operational in October 2016.

A Member asked if the Authority had made a financial commitment to keep all the apprentices at the end of two years and was advised that operational staff were leaving and retiring all the time and so they would potentially fill the gap dependent on risk and demand needs.

The Head of Service Delivery advised Members that the staff availability risk was linked to resources and came about because of industrial action two years ago and was there to ensure the Authority was able to discharge its statutory duty. The Resource Management team the Bank system, and the Operational Pool, allow the Authority to move resources around and ensure that there is resilience when needed. Business Continuity plans are being reviewed across the whole service to ensure they are interlinked. Alongside the strategic review of resources the Authority would relook at the risk score itself and hopefully readjust it accordingly.

RESOLVED –

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

## **OA20**

### **INDEPENDENT PERSONS**

The Director of Legal and Governance advised Members that this report recommends the appointment of Independent Persons following the recruitment process undertaken on behalf of the Authority, Milton Keynes Council and Central Bedfordshire Council by Luton Borough Council. Five applicants (all of whom were IPs from the pool first appointed in 2012) were recommended. This was a continuation of a successful collaboration between local authorities first put in place by the Authority in 2012.

The Director of Legal and Governance drew Members' attention to the delayed commencement date for Mr Fogden due to him have being a longstanding Co-opted Member on the Authority until June 2012, and hence ineligible for appointment as an Independent Person until five years had elapsed; and correcting the date from 20 October 2016 to 19 October 2016 for the four other appointees.

RESOLVED –

That the Authority be recommended to appoint:

1. John Jones, Vasco Fernandes, Chris Ensor and Maureen Briggs as Independent Persons for a period commencing 19 October 2016 and terminating at midnight on 31 October 2020; and
2. Chris Fogden as an Independent Person for a period commencing on 1 July 2017 and terminating at midnight on 31 October 2020.

## **OA21**

### **COMPLIMENTS AND COMPLAINTS**

The Information Governance and Compliance Manager advised Members that this report was to advise of any corrective action taken to reduce or remove the problems that led to a complaint being made and to identify opportunities to improve public perception of the services the Authority provide. It also served to note public satisfaction and record compliments received and, if any of these represent a new good practice, to identify measures taken to ensure that this becomes standard.

There were only six complaints in total, three of which were upheld and two were totally unavoidable. Written compliments continue to fall, although there are more verbal compliments which are difficult to capture.

RESOLVED –

That the report be noted.

## **OA22**

### **TREASURY MANAGEMENT PERFORMANCE 2016/17**

The Director of Finance and Assets advised Members that this was the Treasury Management Performance 2016/17 report for Quarter 1. The accrued interest earned for the first quarter of 2016/17 was £41k, which was £16k higher than the budget for the quarter.

The Authority had out-performed both benchmark figures for the first quarter. This was due to attaining slightly better interest rates than the previous year and continued effective Treasury Management processes. However, it must be noted that there had been some volatility in interest rates after the EU referendum took place on Thursday 23 June 2016 whereby the UK decided to leave the EU.

Director of Finance and Assets advised that, as Members were aware, interest rates had gone down and it was difficult to determine how this would impact the return the Authority received from future investments, but the Director of Finance and Assets did expect an impact on Quarter 2 and Quarter 3 results. Although he was confident the Authority should be on budget for the year.

The Director of Finance and Assets would take advice from the Authority's independent financial advisors Capita, who would be presenting at the next Overview and Audit Committee meeting to demonstrate the risks and how they were managed.

RESOLVED –

That the Treasury Management Performance 2016/17 – Quarter 1 report be noted.

## **OA23**

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

The Business and Systems Integration Project Manager summarised for Members the business case from 2015, which laid out the systems the Authority wanted to change, the amount it would cost, what systems were available at the time and the approach taken. With regard to the systems that we wanted to change, they had remained the same, as did the

amount of money to spend, the only thing that changed slightly was how the systems were grouped.

The project continued to move at pace, and the Premises Risk Management system had been awarded to Active Informatics. Active Informatics offered a well-developed system with fire and rescue service functionality and they currently work with Greater Manchester Fire and Rescue Service. This would allow the Authority to move away from its existing standalone, unstable system and offer staff a user friendly, modern and mobile solution.

The Finance/HR and Payroll system implementation plans were completed and signed off and following a number of workshops involving end users, the initial system design had been completed. Budget management was on track and the contingency of £200k was not needed in 2016. Project Management, including the Business Systems and Integration Project, would be audited in October 2016.

A Member asked how this impacted on business continuity and was advised that the new systems would be run parallel with the old systems for at least three months. Notice regarding the SAP system would not be given until the new system was up and running correctly. All of the new systems were externally hosted.

RESOLVED –

That the report be noted.

**OA24**

**DATE OF NEXT MEETING**

The Committee noted that the next meeting of the Committee would take place on Wednesday 8 March 2017 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.23AM