

Minutes of the Meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held remotely on WEDNESDAY 22 JULY 2020 at 10.00 AM

**Present:** Councillors Carroll, Christensen, Cole, Exon, Hussain, Mallen, Mills, Minns and Stuchbury

**Officers:** M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), M Hemming (Director of Finance and Assets), A Hussain (Deputy Director of Finance and Assets), C Bell (Head of Protection and Assurance), D Norris (Head of Prevention, Response and Resilience) S Gowanlock (Corporate Planning Manager), G Barry (Information Governance and Compliance Manager), D Whitelock (Station Commander POD Projects), S Wells (Area Commander Organisational Assurance and Improvement), M Hussey (Principal Accountant), A Carter (Head of Technology, Transformation and PMO), M Gibb (Head of Business Assurance, Buckinghamshire Council), S Harlock (Audit Manager, Buckinghamshire Council), N Harris (Associate Partner, Ernst & Young), A Kennett (Assistant Manager Ernst & Young) and K Nellist (Democratic Services Officer)

**Apologies:** None.

Live webcast broadcast:

<https://www.youtube.com/channel/UCWmIXPWAscxpL3vliv7bh1Q>

The Director of Legal and Governance confirmed the webcast was live.

#### **EX01 ELECTION OF CHAIRMAN**

(Director of Legal and Governance in the Chair)

The Director of Legal and Governance gave a roll call of Members, who provided their names when asked.

It was proposed and seconded that Councillor Carroll be elected Chairman of the Committee for 2020/21.

RESOLVED –

That Councillor Carroll be elected as Chairman of the Committee for 2020/21.

(Councillor Carroll in the Chair)

#### **OA02 APPOINTMENT OF VICE CHAIRMAN**

It was proposed and seconded that Councillor Mallen be appointed as Vice Chairman of the Committee for 2020/21.

RESOLVED -

That Councillor Mallen be appointed as Vice Chairman of the Committee for 2020/21.

**OA03 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on Wednesday 11 March 2020, be approved and signed by the Chairman as a correct record.

**OA04 RIPA POLICY (MINUTE OA39 – 090316)**

The Director of Legal and Governance advised Members that RIPA stood for Regulation Investigatory Powers Act and this pertained to Buckinghamshire and Milton Keynes Fire Authority because as an enforcing and prosecuting authority for breaches of fire safety legislation, the Authority had powers to conduct covert surveillance. Following an inspection by the Surveillance Commissioner in 2016 it was recommended by the Inspector that elected Members be apprised, on a regular basis, on the use of these powers. This was a standing item on the agenda and the Authority had never had recourse to use these powers.

RESOLVED –

To note that there had been no covert surveillance conducted by officers since the last meeting of the Committee.

**OA05 INTERNAL AUDIT REPORTS**

**a) Internal Audit Report: Final Audit Reports**

The 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 meeting. The first one was the 2019/20 Core Financial Controls Audit. The assurance opinion was 'Substantial' and there were no material weaknesses identified. There were three audit recommendations that were low priority.

The second was the Performance Management Audit. The assurance opinion was 'Reasonable' and there were four audit recommendations, two medium and two low priority.

A Member asked if there was a reason why the Risk Management Policy last updated in 2015, due to be formally reviewed in January 2018 hadn't taken place and was advised that it was delayed because of capacity and resourcing. Although a formal review had not been undertaken, it had been reviewed, which was still in line with the ALARM (Association of Local Authority Risk Managers) good practice guidance in relation to risk management.

RESOLVED -

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

## **b) Internal Audit Report: Annual Audit Report 2019/20**

The Audit Manager advised Members that the purpose of this report was to outline the internal audit work undertaken by the Internal Audit Service for the year ending 31 March 2020, and to provide an opinion on the adequacy of the control environment detailing the incidences of any significant control failings or weaknesses. The Account and Audit Regulations required the Authority to maintain an adequate and effective internal Audit Service in accordance with proper internal audit practices. The CIPFA Public Sector Internal Audit Standards, which sets out proper practice for Internal Audit, required the Chief Internal Auditor to provide an annual report to those charged with governance, which should include an opinion of the overall adequacies of the internal control environment. It was managements responsibility to develop and maintain the internal control framework and ensure compliance. It was however the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

The Audit Manager advised Members that it was the Chief Internal Auditors opinion that the systems of internal control provided 'Reasonable' assurance regarding the effective, efficient and economic exercise of the Authority's functions. Findings raised from the 2019/20 internal audit reviews had not identified any material weaknesses to the internal control framework. Overall, the Authority had continued to demonstrate a robust and effective internal control and risk management environment.

It should be noted that due to Covid-19 a number of internal auditors were re-deployed to support the response to the pandemic. As a result, two audits were delayed and were not completed within planned timescales. However, those delays were communicated and agreed with the Director of Finance and Assets.

A Member was concerned about the risk of cyber security and was advised that as it was such a dynamic subject area, it was monitored very closely. The South East Regional Organised Crime Unit had been due to deliver some specific cyber training, but because of Covid-19 this had been postponed. It was now hoped to hold this training remotely via Microsoft Teams where more people could participate. The training was free of charge. Weekly reports from the National Cyber Centre were digested in terms of any areas of weakness that may affect the Authority. A current risk was people using the Covid-19 situation as a new environment for phishing scams.

RESOLVED –

That the contents of the Annual Report be reviewed and noted.

## **OA06 ANNUAL GOVERNANCE STATEMENT**

The Director of Legal and Governance advised Members that the purpose of this report was to present the draft Annual Governance Statement 2019/20 for approval by the Committee for signature by the Chairman of the Authority and its Chief Fire Officer. An Annual Governance Statement must accompany the audited Statement of Accounts and must be approved in advance of the adoption of the Statement of Accounts. The draft Annual Governance Statement also contained a record of the progress against the Action Plan that was contained in last year's Annual Governance Statement.

The Director of Legal and Governance advised Members that there were four recommendations to be addressed in 2020/21. Two of the recommendations were vestiges of the Action Plan from 2019/20; in one of the headings to the progress report in Appendix A there is a typo which will be corrected before publication. The third recommendation was for a review and refresh of the internal project and governance arrangements; and the fourth recommendation was a review of existing and new external partnerships, particularly in light of the new collaborative arrangements that have evolved across the Thames Valley to address health and wellbeing issues arising from the Covid-19 pandemic.

A Member asked about gender pay gap reporting and was advised that from 2017, any organisation that had 250 or more employees must publish and report specific figures about their gender pay gap. The gender pay gap was the difference between the average earnings of men and women. With regard to equal pay, the service had just completed an equal pay audit, and this would be presented at a future Authority meeting.

RESOLVED –

1. That the Annual Governance Statement 2019/20 be approved.
2. That the progress of the implementation of recommendations of the previous Annual Governance Statement (Appendix A to the Annual Governance Statement) be acknowledged.
3. That the priorities for 2020/21 (Appendix B to the Annual Governance Statement) be agreed.

## **OA07**

### **AUDIT RESULTS REPORT – VERBAL UPDATE**

The Associate Partner from Ernst & Young (EY) advised Members that although this was a verbal update, Members would have received by email a copy of the Audit Results Report which summarises the progress made to date on the external audit of the Authority's financial statements and also the work on the value for money conclusion.

The Associate Partner advised Members that External Audit had made very good progress against the areas of audit risk and audit focus in the external audit plan. The audit plan that went to

the last meeting in March 2020 set out the external audit areas of risk on the audit of the financial statement and the value for money conclusion, but those particular risks were pre Covid-19. As a result of the implications of Covid-19 pandemic, External Audit had revisited those areas that may influence the financial statement in terms of key judgement from management and areas where External Audit would be focusing their attention around disclosures and judgements as at 31 March 2020.

The Associate Partner did not have significant concerns on the Authority's ability to be a going concern and the work being done on the value for money conclusion does not express any significant issues on the Authority's financial resilience.

The Director of Finance and Assets advised Members that the final version of the audit and accounts would be presented to the Overview and Audit Committee meeting on Wednesday 11 November 2020.

#### **OA08**

#### **LETTER OF MANAGEMENT REPRESENTATION 2019/20**

The Principal Accountant advised Members that the Letter of Management Representation was a legislative requirement and a self-explanatory document. The Letter of Management Representation to EY cannot be signed by the Director of Finance and Assets and the Chairman of the Committee as the external audit had not yet been completed. Also, as part of the audit, the Chairman was required to provide a response to EY detailing how the Overview and Audit Committee gains assurance from management. As the Chairman had been appointed today, the Principal Accountant would liaise with him on the response.

A Member asked for an explanation on the pensions deficit and it was agreed that the Deputy Director of Finance and Assets would go through the pension status with the Member outside of the meeting.

RESOLVED –

That the Letter of Representation be noted.

#### **OA09**

#### **UNAUDITED STATEMENT OF ACCOUNTS – YEAR ENDED 31 MARCH 2020**

The Principal Accountant advised Members that the balance sheet showed the value of assets and liabilities recognised by the Authority at both the 31 March 2019 and 31 March 2020. The net assets of the Authority, assets less liabilities, were matched by the reserves held by the Authority.

The Committee were advised that, as previously discussed, the external audit of the Statement of Accounts has not been completed by the External Auditors so the Statement of Accounts could not be signed off at this meeting.

A Member asked regarding the deficit on the provision of service and was advised that the deficit on provision of services for 2019/20 was £10.513m (2018/19 was a deficit of £21.758m), that was the movement of what was spent during the year.

A Member asked if the map of the service was accurate and was advised that there was one slight change since the draft statement of accounts was produced, Great Holm and Bletchley Fire Stations were now combined at the Blue Light Hub at West Ashland.

A Member asked about the reduction in reserves and was advised that in terms of the Authority's medium-term financial plan process the Authority no longer received any capital grants. The impact of that is the Authority had to use its revenue funds to fund its capital purchases. The only way its reserves would increase was if it had year on year underspend, but that was unlikely in the future.

A Member asked what would happen if the Authority didn't get more funding and would the Authority be able to raise council tax and was advised that as part of the medium term financial plan officers were looking at a range of possibilities, including potential savings with a focus to protect the front line as much as possible.

RESOLVED –

That the Unaudited Statement of Accounts for the financial year ended 31 March 2020 be noted.

## **OA10**

### **TREASURY MANAGEMENT PERFORMANCE**

The Principal Accountant advised Members that this report was being presented to provide the treasury investment position as at the end of 2019/20. It was best practice to review on a regular basis how Treasury Management activity was performing. The accrued interest earned for 2019/20 was £195k, which was £45k higher than the budget for the period. Since the treasury management function had been managed in-house, the Authority had achieved investment returns of £1.156m between 2013/14 and 2019/20. This was in comparison to the returns of £0.550m the Authority would have earned through the SLA with Buckinghamshire County Council (as was) for the same period.

The Principal Accountant highlighted to Members the impact of Covid-19 and what this would mean for the Authority's potential return on investment. As mentioned at the last meeting of the Committee, the Bank of England had made two emergency cuts to the base rate, which resulted in the Authority being unable to achieve similar returns on investment during 2020/21 compared to 2019/20. Therefore, this meant that the interest receivable budget set for 2020/21 set at the Authority meeting in February 2020, prior to Covid-19, of £150k was unlikely to be achieved.

RESOLVED –

That the Treasury Management Performance 2019/20 report be noted.

**OA11 BUSINESS AND SYSTEMS INTEGRATION PROJECT: EVALUATION**

The Head of Technology, Transformation and PMO advised Members that in 2014 a feasibility study was completed reviewing a number of systems and processes across the service. The outcome of the study was the Business and Systems Integration (BASI) business case which was presented to the Executive Committee in 2015. The business case provided objectives and recommendations as shown in the executive summary. It also detailed the systems in scope which covered HR, Learning and Development, Payroll, Finance, Resource Management, Premises Risk/Asset Management. A project closedown report was presented to the last Overview and Audit Committee in March 2020, providing the final highlight report and status by system. The report being presented today was an evaluation of how the project had met the objectives and recommendations and would also be the final report brought to the Committee. The BASI project had delivered new modern systems and processes across the service, which gave flexibility for ongoing development, supporting continuous improvement.

The Head of Technology, Transformation and PMO advised Members that there was not one ERP system to fit the Authority's wide ranging needs across the service and this had led to timescales being extended as different systems had to be procured and developed. The project had delivered on budget and the project evaluation document provided more detail on how it had delivered against the recommendations and how it had met the objectives by area.

RESOLVED –

That the report be noted.

**OA12 CORPORATE RISK MANAGEMENT**

The Corporate Planning Manager advised Members that the methodology used for corporate risk management was based on good practice guidance from ALARM (Association of Local Authority Risk Managers) and was widely used across the public sector including central and local government, housing, education and the blue light services. As Members would have seen from the appendices to the report, a standard 5 x 5 scoring matrix was used to assess the probability and impact of a risk crystallising. The risk assessments were detailed in the corporate risk register.

The Corporate Planning Manager advised Members that as mentioned in the Executive Summary, the risks presented today were those that had been escalated from other registers, held at directorate and department levels, where most of the risks were recorded and assessed. Typically, the risks were escalated

because they had strategic implications. Departments and directorates regularly reviewed their own risk registers, and these were also scrutinised on a quarterly basis by the Performance Management Board. Anything that required potential escalation was referred to the Strategic Management Board who also reviewed the current set of corporate risks at their monthly meetings.

The Corporate Planning Manager advised Members that there were two risks displaying a red RAG status and three at amber. The staff availability risk had remained high throughout the period since the Covid-19 pandemic began here in the UK. This may be because the enhanced cleaning and social distancing regimes that had been adopted, had helped keep other seasonal infections at bay as well Covid-19 itself. However, the risk status remained at red because of the potential impact of recent rulings relating to the firefighters' pension scheme which meant that the Authority was likely to face a steeper staff retirement profile than would otherwise have been the case. Those affected include many more experienced and senior staff who would not be easy to replace on a like for like basis, especially as this was a national issue with all fire and rescue services exposed to this risk.

Most of the Authority's funding was derived from council tax receipts and an allocation from business rates. Historically these had been predictable from year to year with any uncertainties generally confined to areas where the Authority received specific government grants, i.e. Urban Search and Rescue (USAR). However, the impact of Covid-19 had meant there was now significant risk across the entire funding base over the medium term. The extent of this was not yet clear but there was potential for both council tax and business rate receipts to fall as many sectors of the economy contract with associated business failures and rising unemployment. Therefore, this risk remains at Red RAG status and was being closely monitored.

Members were advised that a new risk had been added to the register around the potential for a resurgence of Covid-19 and/or the emergence of pandemic influenza. In addition to the treatments listed, the Authority was offering free flu vaccinations to all staff; this wouldn't reduce the risk of Covid-19 infection, however the Service would continue to maintain its enhanced cleaning and social distancing regimes to reduce the risk of transmission until such time as a reliable vaccine became widely available.

A Member asked about the possible reduction in staff levels due to the pension situation and was advised that there was on going recruitment of apprentices, twenty had been recruited so far this year with the possibility of further recruitment in the autumn. There was also a lot of work taking place to develop existing staff through the Authority's supportive leadership programme.

A Member asked about the scoring of key risks on pandemic resurgence and did the severity rating need to be reviewed and was advised that it was being kept under constant review in light of intelligence being received.

A Member also asked if comparisons of the impact of Covid-19 on other fire and rescue authorities in more highly effected areas was being looked at and was advised that every day the Authority had to submit returns to the Home Officer around how Covid-19 had impacted upon the Service, and a report was produced across all fire and rescue services within the UK. Although one or two authorities may have had an amber rating, generally most fire and rescue services were green.

RESOLVED –

1. That the status on identified corporate risk at Annex C be reviewed and approved.
2. Comments be provided to officers for consideration and attention in future updates/reports.

**OA13**

**2019/20 COMPLIMENTS, CONCERNS AND COMPLAINTS**

The Information Governance and Compliance Manager advised Members that as the number of compliments, concerns and complaints received directly from the public was relatively low, data from the externally hosted annual Satisfaction Survey "After the Incident" was also included to capture the perceptions of those experiencing an incident in the home or in non-domestic premises. There were no complaints arising from an information security incident and no complaints were investigated by the Local Government & Social Care Ombudsman or the Information Commissioner, during this reporting period.

RESOLVED –

That the report be noted.

**OA14**

**APPRENTICESHIP PROGRAMME – ANNUAL STATUTORY REPORTING 2019/20**

The Station Commander POD Projects, advised Members that this report set out the Authority's annual statutory report against the public sector apprenticeship target for the year ending 31 March 2020. Although the figures for this reporting year appear low, this shortfall had been due to cohort four being employed by the Authority on 25 March 2019 and cohort five being employed on 6 April 2020, both of which were outside of this reporting period. However, it does state that qualifying organisations would be measured on average over a four-year period ending March 2021. Since April 2017 the Authority has had in excess of 70 new apprentices which would by far exceed the required figures for the Department for Education.

The Station Commander POD Projects advised Members that the Authority had been working hard to transform its firefighter apprenticeship proposition and as an organisation had moved away from its previous apprenticeship training agency model and was now employing directly and had appointed a separate training provider. This had enabled the organisation to utilise its levy and all new apprentices would benefit from local terms and conditions and national pay rates which would enable the Authority to employ the right candidates from a larger range of applicants, as it could offer a more attractive package. In addition to this, the Authority had demonstrated its commitment to apprenticeships by investing in, and appointing, a dedicated apprenticeship development officer to provide the necessary learning support to all apprentices.

The Authority had continued to have representation at the National Fire Chiefs Council (NFCC) Apprenticeship Forum and the Operational Firefighter Apprenticeship Standards review. Both of which would allow the organisation to be better equipped for the future.

A Member asked if Covid-19 had effected the apprenticeship programme this year, and was advised that there had been a lot of work undertaken with the Fire Service College in planning and preparation beforehand and how the Authority socially distance apprentices while they were on the course. It was decided nationally that the risk of having firefighters available to provide a service to the public outweighed the risk.

RESOLVED –

That the Authority's annual return, attached as Appendix B, be endorsed for submission to the Department for Education, and for publication on the Authority's website.

**OA15**

**HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE AND RESCUE SERVICES (HMICFRS) – BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE (BFRS) IMPROVEMENT PLAN UPDATE**

The Head of Prevention, Response and Resilience advised Members that the Authority's inspection had concluded in the Summer of 2019 and the report was released in December 2019.

The inspection is formed of consideration against three pillars, effectiveness, efficiency and people. Depending on the matters found, and considering a whole range of evidence, the inspection team give a judgement against each of those pillars. The Authority achieved a judgement of requiring improvement for both effectiveness and efficiency and a good for people. The report may suggest areas for improvement, a cause for concern, and recommendations. If a cause for concern is identified, it would always be accompanied by identified recommendations. In the Authority's report there were eleven identified areas for

improvement, one cause for concern which was accompanied by two recommendations.

The Head of Prevention, Response and Resilience advised Members that the Authority received a letter in March 2020, confirming that all inspection work would be suspended and would recommence towards the latter part of this year and the earlier part of next year.

The Chief Fire Officer was a member of the HMICFRS External Reference Group (ERG), formed of representatives from the Home Office, Local Government Association, Police Fire and Crime Commissioners, National Fire Chiefs Council and the HMICFRS Portfolio team. The ERG was a mechanism through which HMICFRS test the effectiveness and impact of the inspection regime. At the last ERG meeting on 12 May 2020 HMICFRS discussed the possibility of a Covid-19 related inspection for fire and rescue services and early discussion took place around what shape that inspection may take.

A Member asked about the service understanding the reasons for its reducing number of prevention visits and considering how it can better target those who are most at risk of fire and was advised that the approach being taken was to continue to deliver core activities, but to keep it under review, and the package delivered to the public would include a more integrated approach between prevention, response and protection activity and how to assist communities to help themselves.

A Member asked about the plan to increase the number of operational wholetime firefighters, against the concerns of HMICFRS that there wasn't sufficient finance and was advised by the Director of Finance and Assets that in terms of the budget setting for this year, a zero based budget approach had been taken, and this had enabled the Authority to locate savings across a number of areas which enabled it to increase its wholetime establishment from 260 to 280 which was effective from 1 April 2020.

A Member asked that with the current constraints on income would the Home Office still have the same commitment to continue to carry out inspections to the same high standards. The Member was advised that whilst the additional responsibility for fire and rescue had only been in place since early 2018, the Home Office's commitment to inspection regimes was enduring, and expected to continue.

RESOLVED –

That the current position regarding HMICFRS Inspection Programme, and the BFRS Inspection Improvement Plan be noted.

## **OA16 OPERATIONAL ASSURANCE IMPROVEMENT PLAN**

The Area Commander Organisational Assurance and Improvement advised Members that the purpose of this report was to provide an update on the progress that continued to be made, regarding the Operational Assurance Improvement Plan (OAIP). The plan was very much a dynamic document used to enhance the ability to capture, scrutinise and respond to the learning originating from all operational activity, be that internally or externally. This learning was routinely shared with frontline staff, using different formats, emphasising the collective responsibility there was towards continuous improvement in respect of operational performance. A fundamental part of the assurance process had been the contractual arrangement with Operational Assurance Limited (OAL), which was due to end on the 31 August 2020. Their latest visit and resulting report focused on High Rise procedures and Command Support. The arrangement with OAL had proven to be extremely beneficial, strengthening the existing learning culture within the Service and better preparing it for any future inspections conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services.

RESOLVED –

That the progress made against each improvement recommendation detailed within the update OAIP be noted.

**OA17**

### **EMERGENCY SERVICES COLLABORATION IN THE THAMES VALLEY**

The Head of Protection and Assurance advised Members that a Memorandum of Understanding was established in 2015 with Royal Berkshire Fire and Rescue Service and Oxfordshire Fire and Rescue Service to collaborate across the Thames Valley on the delivery of a Fire Control Service.

Following the introduction of the Policing and Crime Act in 2017, the Authority entered into formal arrangements to further explore collaboration opportunities across the Thames Valley. In 2018 a Thames Valley Collaboration Board was established which was made up of five key stakeholders. Buckinghamshire, Royal Berkshire and Oxfordshire Fire and Rescue Services, South Central Ambulance Service and Thames Valley Police. The Board oversee a programme of projects all of which were managed and scrutinised through an agreed governance structure, the Interoperability Group, Executive Board and Steering Group.

The current projects are operational alignment, policy, equipment, mobilising and training, fire protection, blue light estates, procurement and workforce reform. A major project that had recently been approved by the Board was to deliver the same Breathing Apparatus (BA) set across the whole of the Thames Valley for all three fire and rescue services.

Throughout the pandemic, from the earliest stages to where we are now, the Authority had been actively involved in working with a broad spectrum of partners to deliver benefits across the whole

of the Thames Valley. This has acted as a catalyst to refresh and further enhance arrangements with all partners to better understand the changing community risks and how the Authority can work in partnership to deliver a community prevention programme.

One other area of collaboration was working with Oxfordshire and Hampshire fire and rescue services in coordinating provision of volunteers from all three services to provide drivers for South Central Ambulance Service in support of their response to Covid-19. The detachment of these volunteers had now been paused; however, the Authority would maintain this arrangement with SCAS should further assistance be needed in future.

A Member asked if there was a decision to take this beyond collaborative working but to bring the management structure of the three services together and was advised that if the Authority were to look to explore sharing senior management, it would be brought to Members for approval.

A Member asked for clarification regarding the purchase of fire appliances and was advised that there was a planned programme of replacing appliances through a collaborative approach. When the existing fleet come towards the end of their life, the Authority would look to replace them, based on the current arrangement within the Thames Valley, so that best value can be sort.

RESOLVED –

That the progress of the Emergency Services Collaboration programme, within the Thames Valley Update, be noted.

**OA18**

**FORWARD PLAN**

The Chairman brought the Forward Plan for future Overview and Audit Committee meetings to the attention of Members.

RESOLVED –

That the Forward Plan be noted.

**OA19**

**DATE OF NEXT MEETING**

To note that the next meeting of the Committee will be held on Wednesday 11 November 2020 at 10.00 AM.

THE CHAIRMAN CLOSED THE MEETING AT 12:20 PM