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AT A MEETING of the HFRA Standards and Governance Committee held at Fire and Police HQ, Eastleigh on Tuesday 23 July, 2019

Chairman:
Councillor Liz Fairhurst

Vice-Chairman:
* Councillor Sharon Mintoff

Councillor Jonathan Glen
* Councillor Roger Price

* Councillor Geoffrey Hockley

*Present

Also present with the agreement of the Chairman:
Councillor Chris Carter, Chairman of the Fire Authority

73. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Fairhurst and Glen.

74. **DECLARATIONS OF INTEREST**

Members were mindful of their duty to disclose at the meeting any Disclosable pecuniary Interest they had in any matter on the agenda for the meeting, where that interest was not already entered in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

Councillor Price declared a personal interest for Item 9 as a Member of the Fire Pension Board.

75. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting were reviewed and agreed.

76. **DEPUTATIONS**

There were no deputations on this occasion.

77. CHAIRMAN'S ANNOUNCEMENTS

The Chairman had no announcements to make on this occasion.

78. ANNUAL ACCOUNTS 2018/19

With the agreement of the Chairman, this item was taken before Item 6 and Item 7 on the agenda.

The Committee considered the Annual Accounts for 2018/19 (Item 8 in the Minute Book) as presented by the Treasurer. It was reported that this had been a difficult year in terms of external auditing, due to greater pressure for compliance on all the audit firms from the Financial Reporting Council.

It was confirmed that since the draft annual accounts had been published, there had been adjustments to the valuation of Property, Plant and Equipment (PPE), IAS 19 in respect of the McCloud judgement and IFRS 9 which impacts on the way changes in the value of pooled funds are treated, which were all detailed to the Committee. With the adjustments, it was heard that there was an increase in the valuation of PPE to reflect the increase in property valuation required by External Audit, but this wouldn't impact on the bottom line. In relation to IAS 19, it was confirmed that the McCloud judgement could have implications going forward, and an Actuary had assessed liabilities for the different pension schemes following the judgement. In relation to IFRS 9, it was heard that this was a new requirement for the 2018/19 accounts and whilst HFRA disagreed with the external auditors view, there was currently a statutory override in place in any event. Adjustments had been duly made to the draft statement of accounts figures and these were detailed in the separate adjustment sheet shared with the Committee.

Members raised questions relating to pensions and the McCloud judgement, and it was heard that the net liability related to defined pension schemes had been adjusted to anticipate changes resulting from the judgement, but the ultimate impact would not be known for some time.

Attention was drawn to the letter of representations and the two adjustments which had been made since publication. It was noted that at A5, it was confirmed that there were no unadjusted audit differences which had been identified during the current audit and pertaining to the latest period presented. An update to E1 was highlighted and the reference to the McCloud judgement in the Final Statement of Accounts was noted.

RESOLVED:

- a) That the attached Statement of Accounts for 2018/19 was approved subject to any amendments reported at the meeting.
- b) That the Treasurer be given delegated authority to approve any minor amendments to the Statement of Accounts if required.
- c) That the Letter of Representations contained in Appendix B was considered and signed by the Chairman on behalf of the Committee.

79. EXTERNAL AUDIT RESULTS REPORT 2018/19

The Committee considered a report of the External Auditor regarding the External Audit Results for 2018/19 (Item 6 in the Minute Book). The report was introduced and it was heard that there were a number of areas where audit work was ongoing and these had now been completed, with the exception of work on the whole of government accounts submission, but this was in line with the October deadline and would not affect the signing of the annual accounts. Members attention was drawn to page 2 of the report (page 8 of the agenda pack), which stated “private and confidential” at the top of the page. It was noted that this was an error and the External Audit report wasn’t confidential.

Attention was also drawn to the Executive Summary and it was noted that this was in line with the three adjustments which had been highlighted in the annual accounts presentation in relation to land and buildings, pensions, and IFRS9.

It was heard that in regard to the area of journals, authorisation systems were not currently in place, and External Audit had recommended that the Authority enhance and tighten control with relevant procedures. This would be followed up with management during the year.

Members were content with the report.

RESOLVED:

That the Standards and Governance Committee received and noted the External Auditor’s HFRA Audit Results Report for the year ended 31 March 2019.

80. ANNUAL INTERNAL AUDIT REPORT AND OPINION 2018/19

The Committee considered a report of the Chief Internal Auditor regarding the Annual Internal Audit Report and Opinion 2018/19 (Item 7 in the Minute Book). The opinion included consideration of the outcomes of the internal audit work undertaken in relation to the Authority and the Shared Services with Hampshire County Council and Hampshire Police, as well as other sources of assurance. The overall opinion gave limited assurance over Hampshire Fire and Rescue Authority’s framework of governance, risk management and management control and attention was drawn to section 5 (Page 60 of the agenda pack) which highlighted the key observations arising during 2018/19 which had contributed to this opinion and improvements needed. Members heard that extensive discussions had taken place at a senior level to ensure that management had actions in place to address and improve these areas.

Questions were raised around the inclusion of the shared services reviews in the Authority’s annual internal audit report and opinion and the background behind the partnership arrangement between Hampshire County Council, Hampshire Constabulary, Hampshire Police and Crime Commissioner and Hampshire Fire and Rescue Service was explained. Many key system and processes are included within the shared services arrangements and it would not therefore be possible to provide an annual internal audit opinion without taking this into

account. Page 56 of the agenda pack highlighted that 54% of the internal audit reviews rested within the shared services function.

Members raised concerns around the 2018-19 percentage figure of 87% for delivering the revised plan, as opposed to the 2017-18 percentage figure of 95%, as detailed in Section 10 (Page 65 of the agenda pack). It was explained that this decrease was due to work remaining in progress for three reviews across Shared Services as a whole which would be carried forward to be included in the 2019/20 annual internal audit opinion. The detail behind these was highlighted at page 57 of the agenda pack. Members felt it would be useful to include an explanation alongside the annual performance indicator figures in future reports for clarity.

RESOLVED:

That the Standards and Governance Committee approved the Chief Internal Auditor's Annual Report and Opinion Statement for 2018/19.

81. FIRE PENSION BOARD ANNUAL REPORT 2018/19 AND PROPOSED CHANGES TO THE PENSION BOARD TERMS OF REFERENCE

The Committee considered the Fire Pension Board Annual Report and proposed changes to the Pension Board Terms of Reference (Item 9 in the Minute Book).

Members were taken through the report and it was highlighted that the annual report reflected the work of the Pension Board through the year. The proactive nature of the Board and the benefits of having an Employer Pension Manager who worked across the partnership organisations as part of the shared services arrangement was noted.

Members commented that from the Authority's point of view, it was reassuring to know that the Pension Board was complying with relevant legislation, issues were being identified promptly and relevant information was being received by members of the pension scheme.

The proposed changes to the Pension Board Terms of Reference were highlighted as set out in Appendix 1 to the report, and Members heard that a recent review of the Terms of Reference had resulted in the proposal of some minor amendments to better reflect the working of the Board.

The Chairman invited the Chairman of the Authority to speak and he praised Officers for a very thorough report and the pension presentations delivered by the Employer Pension Manager. The Chairman echoed these sentiments on behalf of the Committee.

RESOLVED:

- a) That the Standards and Governance Committee approved the recommendation to allow Voluntary Scheme Pays as set out in paragraphs 66-72 of the report.

- b) That the Standards and Governance Committee agreed the amendments to the Firefighters' Pension Board Terms of Reference as set out in paragraphs 93-101 and in Appendix I.
- c) That the contents of the report were received and noted by the Standards and Governance Committee.
- d) That the Standards and Governance Committee will provide any feedback to the Fire Pension Board on previous work or on future areas of priority.

82. HMICFRS ACTION PLAN PROGRESS REPORT

The Committee received the HMICFRS Action Plan progress report (Item 10 in the Minute Book). The report was introduced and it was heard that the report detailed the progress made in respect of the Action Plan. Members noted the use of a detailed tracker to monitor progress and that Strategic Leads had been appointed as accountable owners to oversee actions. It was heard that performance would be continually monitored through the Performance Assurance Board and the Executive Group. With the increased frequency of Standards and Governance Committee meetings, as agreed at the last Committee meeting, Members would also receive increasingly regular update reports.

Attention was drawn to the action for the Trading Arm area and also the 'cause for concern' update as detailed at pages 106-107 of the agenda pack. The Chairman of the Fire Authority was invited to speak and he emphasised the importance of continuing pace and addressing areas raised in the HMICFRS inspection report.

It was heard that in relation to the cause for concern update regarding "The Service does not do enough to be an inclusive employer", it was noted that there was a commitment to addressing the needs to employees, building this within the structure of the organisation and continually looking for ways to improve.

RESOLVED:

That the progress made towards the delivery of the HMICFRS Action Plan was noted by the Standards and Governance Committee.

83. INFORMATION COMPLIANCE REPORT

The Committee received a report of the Chief Officer on Information Compliance 2018/19 (Item 11 in the Minute Book).

Members were taken through the report and it was explained that the report demonstrated the Service's commitment to information compliance, and attention was drawn to the well resourced structure and training for staff. It was heard that a General Data Protection Regulation (GDPR) training package had been embedded within the organisation and there had been an excellent uptake of this. The increase in data protection breaches was detailed in the table on page 111 of the agenda pack, and it was noted that staff awareness around data

protection had increased, and staff were more confident to identify breaches. Members heard that there had also been an increase in the number of Freedom of Information requests, and this could be explained by the recent incident at the Ocado warehouse.

Members raised questions in relation to issues detailed in the report regarding cyber security, and it was noted that there had been an increase in resources with the appointment of two IT security officers, and also greater staff awareness of data breaches.

Members attention was drawn to the compliments and complaints section in the report (page 113 in the agenda pack), and it was heard that the number of compliments outnumbered complaints, with complaints ranging from complaints about individuals to ones in relation to driving. Members raised questions about the pattern of complaints and whether there was a detailed analysis of these. It was heard that the HMICFRS inspection didn't focus on complaints and Members requested that a detailed report on complaints be brought to the next meeting of the Committee.

RESOLVED:

- a) That the Service's performance demonstrated within the report and its commitment to information compliance was noted by the Standards and Governance Committee.
- b) That a detailed complaints report is brought to the next Standards and Governance Committee meeting.

Chairman,