

Minutes of the meeting of the  
GOVERNANCE COMMITTEE held in  
the Fire and Rescue Service  
Headquarters, Barmston Mere on  
MONDAY, 29<sup>TH</sup> JUNE, 2009 at  
10.30 a.m.

**Present:**

Mr. G.N. Cook in the Chair

Councillors Charlton, Clark, M. Forbes and Haley and Miss G. Goodwill and  
Mr. J. Paterson.

**In Attendance:**

Lynn Hunt - Audit Commission  
Chris Clancy - Audit Commission

**Apologies for Absence**

An apology for absence was submitted to the meeting on behalf of Councillor  
Woodwark.

**Declarations of Interest**

There were no declarations of interest.

**Minutes**

1. RESOLVED that the minutes of the last meeting held on 30<sup>th</sup> March, 2009  
(circulated) be confirmed and signed as a correct record.

## **Internal Audit Services Annual Report for 2008/2009**

The Finance Officer submitted a report (circulated) to provide details of the performance of Internal Audit Services (IAS) during 2008/2009 and an opinion on the overall system of internal control in place within the Fire and Rescue Authority.

(For copy report – see original minutes).

Tracy Davis advised the Committee that seven audits were completed within the year. The actual days taken to complete the above audits was 96 against a planned budget of 107. Utilising the revised categorization framework of October 2008 a total of 69 recommendations had been made during the year, four of which had been placed in the significant category.

Three of the significant findings were related to the currency of mobile data held on front-line fire appliances and the fire safety audit system together with the limited staff support arrangements that existed in respect of the mobile data system. With regard to these three findings the Chief Fire Officer (CFO) had instigated action to install wireless connections to allow more rapid updating of the vehicle computer terminals together with enhanced staff support arrangements and had also undertaken a review of the outstanding fire safety audits in order to re-categorise and re-schedule audits which had passed their recommended completion dates.

The remaining finding was associated with the issue of ICT data back-up, with the concern being that whilst the data back-ups were held in a secure safe in a separate, secure building from the main ICT systems, this was still within the cartilage of the main site which could present a problem in the event of a major disaster occurring on-site. The CFO was exploring ways of improving the security of the back-up facility to mitigate this risk.

Action plans had been drawn up for the implementation of the above recommendations and, whilst some action plans were awaiting final agreement, of those action plans already agreed, management had accepted all recommendations.

The target was for 100% of high and significant risk recommendations and 90% of medium risk recommendations to be implemented in accordance with the agreed timescale. The implementation rate was calculated based upon a pre-determined number of follow ups completed. This new method of calculating the implementation rate was introduced in 2008/2009. For the recommendations followed up the implementation rate was 89%, an increase from the overall rate for 2007/2008, which was 82%.

Members were advised that as the 90% target had almost been achieved, the target would be further increased.

Within the year IAS also took part in a user satisfaction survey run by the CIPFA benchmarking club. All senior managers at the Fire and Rescue Authority and organisations to whom IAS provided an internal audit service. The benchmarking club received 15 responses from 40 invited to participate (37.5% response).

At this juncture Councillor Haley questioned what could be done to improve this response rate and the Chief Fire Officer advised that he would stress the importance of completing it to all managers in future.

Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken within 2008/2009, it was considered that overall throughout the Authority there continued to be a sound internal control environment.

Consideration having been given to the matter, it was:-

2. RESOLVED that the Committee note the report.

### **Annual Review of Effectiveness of Internal Audit**

The Finance Officer and the Clerk to the Authority submitted a joint report (circulated) to set out the findings of the annual review of the effectiveness of internal audit, as required by the Accounts and Audit Regulations 2003 (as amended 2006).

(For copy report – see original minutes).

The self-assessment showed that the internal audit arrangements complied with the Code. However, given that the Governance Committee and its Terms of Reference had been in place since 2007, it was now considered appropriate that the Committee undertook a formal review of its remit and how effective it had been in fulfilling its role.

The Audit Commission had reviewed the effectiveness of internal audit by reference to the CIPFA Code, the self-assessment and a review of a sample of audit files. The Audit Commission's conclusion was as follows:-

'We found that there continue to be robust arrangements in place to comply with the Code's standards. Our detailed review of files did not highlight any significant non-compliance with IAS's Quality System or the Code.'

It was:-

3. RESOLVED that the findings of the self-assessment and external review undertaken by the Audit Commission be noted.

### **Annual Governance Review 2008/2009**

The Chief Fire Officer, the Clerk to the Authority and the Finance Officer submitted a joint report (circulated) to provide details of the findings of the 2008/2009 Annual Governance Review and seek approval to the Annual Governance Statement, prior to its incorporation in the Statement of Accounts.

(For copy report – see original minutes).

Members were advised that all Area Managers had identified some future plans for improvement to their governance and control arrangements. However, a large proportion of the future plans for improvement related to tasks which were already ongoing or which had already been included in existing service plans. In addition, a number of actions were included which were purely function based and not significant in terms of the Authority's overall governance and control environment. Some of the future plans for improvement were newly identified actions resulting directly from the annual governance review, which had corporate significance, and therefore had been included in the revised Code of Corporate Governance as actions to be addressed.

The three high priority areas had been identified as follows:-

1. Failure to effectively and safely deploy and manage operational staff and resources at incidents leading to staff and public being exposed to unnecessary risks.
2. Risk that we do not retain a fully effective local control centre (at West Denton) in the lead up to the transition to the new Regional Control Centre (RCC) resulting in poor quality emergency call handling and a detrimental effect on operations.
3. There was a risk that Breathing Apparatus training in 'hot fire' scenarios at the BTC may not be carried out because of the current condition of the hot fire training structures and the continued problems relating to repair and maintenance. Unless resolved this could result in our inability to train/QA our staff and lost income to the Authority through cancelled training courses from other FRS. There was also a possibility of having to pay to have our staff trained elsewhere (including travel and subsistence) – new risk added April 2009.

It was considered that the overall findings of the various assessments were positive. The only area of significance was the Authority had made little progress so far in improving its performance in relation to workforce diversity, however there were no issues which were significant in terms of the Authority's overall governance and control environment.

As a point for future reference, the Chairman commented that if documents referred to for example the Authority's 'vision' that it would be useful to have supplementary documents which explained what these were.

Consideration having been given to the matter, it was:-

4. RESOLVED that:-

- (i) the revised Code of Corporate Governance be noted and endorsed;
- (ii) the Annual Governance Statement be noted and endorsed; and
- (iii) further reports be received as appropriate.

### **Statement of Accounts 2008/2009 (Subject to Audit)**

The Chief Fire Officer and the Finance Officer submitted a joint report (circulated) seeking approval to the Authority's Statement of Accounts for 2008/2009 (Subject to Audit).

(For copy report – see original minutes).

The Finance Officer referred Members to the changes to the Statement of Accounts, as tabled and highlighted the main financial issues.

These being:-

- The estimated net revenue expenditure for 2008/2009 to be met from Government Grants and local taxpayers was approved at £58.073 million. This represented an increase of 2.4% over the 2007/2008 Band D level of £69.93, the lowest % increase of any Fire and Rescue Authority in England.
- The Authority approved a capital programme for 2008/2009 of £2.027 million, which was subsequently revised to £2.035 million during the year. Actual expenditure for the year was £1.866 million, and this had been financed from revenue contributions (£1.848 million) and grant funding (£0.018 million).
- In response to the economic downturn, in particular falls in both land values and the property market, the entire land and buildings portfolio had been assessed by the valuer for impairment. The total value of impairment for 2008/2009 was £5.911 million, representing a 13.41% fall in the total portfolio value.
- The Authority had exceeded national targets for efficiency savings, achieving £5.1 million (9.97%) in ongoing cashable efficiency savings over the CSR04 period, compared to a target of 5.67%. In 2008/2009, the Authority achieved cumulative ongoing efficiency savings of £1.3 million (2.27%), exceeding the Government target of 1.6%. The Authority's target for cumulative ongoing efficiency savings to the end of 2009/2010 was £2.6 million (4.63%), which exceeded the Government target of 3.2%.

- From 1<sup>st</sup> April 2006, revised arrangements came into effect for funding firefighter pensions, with Fire and Rescue Authorities administering and paying firefighters' pensions through a local firefighters' pension fund. Together, employee and employer contributions met the accruing pension liabilities of currently serving firefighters, meaning that Fire and Rescue Authorities met all of the costs of employing a firefighter, including the cost of future pension liabilities, at the time of employing them.

At this juncture the Committee questioned what happened if a firefighter lost his life in service and the Deputy Chief Fire Officer advised that the family would receive a Death in Service payment equating to twice the salary.

- The North East Fire and Rescue Authorities (NEFRA) successfully submitted a collaborative application in January 2004 for Notional Credit Approval in the 4<sup>th</sup> Round of PFI Initiatives. Within the application, the element directly affecting the Tyne and Wear Fire and Rescue Authority was the replacement of Tynemouth Fire Station with a new community fire station.
- The Regional Control Centre (RCC) for the North East region, situated near the City of Durham, was planned to enter its first full year of operation in 2010/2011, although the costs had been met from 2007/2008 onwards through transitional funding arrangements from Government. The final cost of the RCC to the Authority had yet to be fully determined, although the Government had confirmed that it was committed to funding any increased costs to be borne by Fire Authorities for three years, with the position to be reviewed following that period. The Authority established a Regional Control Centre Reserve of £350,000 in 2007/2008 to provide a means of offsetting any costs associated with the RCC project on the basis that the Government position did not provide an absolute assurance to the Authority that all additional costs would be funded by the Government in perpetuity.
- The Firelink project was currently nearing the end of the second of three phases of implementation, and the Government had provided funding for the transitional arrangements.
- With regards to Firebuy initial funding had been provided by the Government to meet the set-up costs of this body and to safeguard Firebuy Ltd's financial position until the long-term funding arrangements were agreed, however, at this stage, no decisions had been taken and further detailed information on the future funding arrangements were awaited.
- The outcome of the Comprehensive Spending Review 2007 saw a tightening of the national funding position in the three years of the review (2008/2009, 2009/2010 and 2010/2011), with this Authority receiving grant increases of 2.40%, 1.26% and 1.10% respectively.

At this juncture, Miss Goodwill asked the Finance Officer why the inflation between the Fire Service and the LG costs vary and was advised that an explanation would be forwarded to her.

It was:-

5. RESOLVED that the Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2009 (Subject to Audit) be approved.

(Signed) G.N. COOK,  
Chairman.