

Tyne and Wear Fire and Rescue Authority



Minutes of the meeting of the
GOVERNANCE COMMITTEE held
in the Fire and Rescue Service
Headquarters, Barmston Mere on
Monday 26 February 2024 at
10.30am.

Present:

Mr G N Cook in the Chair

Councillors Bell, Keegan, Usher and Woodward together with Mr M Knowles and Miss G Goodwill.

Apologies for Absence

Apologies for absence were received from Councillor Dodds, the Chief Fire Officer and Deputy Chief Fire Officer.

In Attendance:

James Collins (Mazars)

Declarations of Interest

Councillor Bell declared an interest as an active member of the LGPS.

Minutes

22. RESOLVED that the minutes of the meeting of the Governance Committee held on 29 January 2024 be agreed as a correct record.

Audited Statement of Accounts 2022/2023

The Finance Director submitted a report presenting the Letter of Representation for 2022/2023, and for receipt of the Audit Completion Report from Mazars LLP concerning the financial statements for 2022/2023. This also provided their opinion on both the Authority's Statement of Accounts and its arrangements for securing economy, efficiency and effectiveness in its use of resources (Value for Money).

The report also presented an audited Statement of Accounts for 2022/2023, which had been revised to take into account the auditor's findings, for approval by members of the Committee. A complete list of the amendments was included as Appendix A to the report for information and which was sent out separately.

James Collins from Mazars LLP presented the Audit Completion Report. He advised that the executive summary of the report set out the conclusions of the external auditors. There were no material weaknesses identified in the accounting and internal control systems. Members were advised that the amended Statement of Accounts reflected all of the changes identified during the audit process. The report summarised adjusted misstatements above the threshold level of £43,000 and the unadjusted and disclosure misstatements. The appendices to the report included the proposed letter of representation and the audit completion report showing a proposed unqualified audit opinion.

Responding to a question from Miss Goodwill, the Finance Director explained that the key PFI contract would continue until May 2029 and that an exit strategy was being prepared in line with best practice.

Councillor Bell commented that Committee requests for information from the Local Government Pension Scheme should be received in a timely manner. The Finance Director explained that the delay was due to evaluations being undertaken by the Government Actuarial Department. The Chair acknowledged that the delay had caused problems to which Councillor Bell added that the LGPS must be made aware that information should be provided without delay.

Councillor Woodward commented on the impact of misstatements on the accounts. James replied that those above the threshold had been agreed with management and had also been adjusted in the amended accounts presented to members.

The Chair thanked the Finance Director and his team for all of their work on the Statement of Accounts and commended them on the positive audit outcome. Upon consideration of the report, it was: -

23. RESOLVED that: -

- (i) the Letter of Representation be approved;
- (ii) the contents of the External Auditor's Audit Completion Report be noted; and
- (iii) the amended Statement of Accounts for the Financial Year ended 31 March 2023 be approved.

Internal Audit Plan For 2024/2025

The Head of Internal Audit submitted a report presenting the proposed Internal Audit Plan for 2024/2025 for the Committee's consideration.

The Audit Manager advised that the Plan covered the key risk areas of the business

over a period of 3 years and the scope of the work was driven by an assessment of risk in consultation with the Chief Fire Officer and the Finance Director. There was also contingency time built in for any unplanned work and follow up audits where necessary.

The planned audits for 2024/2025 were: -

- Replacement of the Operational Communication System;
- Community Risk Management Plan;
- Risk Management;
- Information Access Requests;
- Financial transaction testing; and
- Human Resource action plan

In addition to this there would be some audit work done on the Lead Authority's key financial systems and a draft report and any proposed actions would be forwarded to the appropriate responsible manager at the conclusion of each audit. The Chief Fire Officer and the Governance Committee would be updated on progress against the audit plan approximately halfway through the year.

The Key Performance Indicators which would be used to measure the performance of the service throughout the year were attached at Appendix 2 of the report.

In response to a question from Councillor Woodwark, the Audit Manager confirmed that the risk associated with Information Governance and Information Access Requests could change to substantial from moderate, as some audit work had been recently completed that provided substantial assurance and this hadn't been fed into the report at the time.

The Chair thanked the Audit Manager and the Team for the report. The Audit Manager replied that the Team was stable however it was an ageing section and therefore a trainee had been appointed. In relation to scanning other Fire Authority audits, the Audit Manager agreed to liaise with the team and feed back to the Committee. The Finance Director added that he, along with the Chief Fire Officer, scanned other Fire Authorities and Local Authorities for assurance when looking at key risks in addition to the risks / areas identified by Internal Audit.

24. RESOLVED that the proposed Internal Audit Plan be noted.

Annual Governance Statement 2023/2024

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Finance Director submitted a joint report outlining the Annual Governance Statement 2023/2024 (which contained details of the most recent review of the governance arrangements, set out areas for improvement during the course of the following year) and the Code of Corporate Governance 2024 for review.

ACFO McVay explained that the Authority was responsible for putting in place a sound system of internal control, which included the arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

Members were then referred to the list of principals detailed within Section 2.7 of the report which assisted the Authority in developing and shaping an informed approach to governance.

ACFO McVay then referred to Section 3.2 of the report and highlighted the key sources of assurance that informed the Annual Governance Statement.

The Committee was then advised that the review of the effectiveness of the governance framework showed that the arrangements continued to be fit for purpose and assurance could be given that the framework was operating effectively in practice.

ACFO McVay explained that the review had identified five new improvement actions for completion during 2024/2025 and the improvement action plan could be viewed as part of the Annual Governance Statement 2023/2024.

In conclusion, ACFO McVay explained that the review satisfied the Authority that there were appropriate governance arrangements in operation and that through the delivery of the improvement action plan during 2024/2025, the Authority would further enhance its governance arrangements.

Miss Goodwill referred to Appendix A, section 7.2.4. regarding the Code of Conduct and Ethics for elected members and employees but which did not mention Independent co-opted members. ACFO McVay was of the understanding that the Code of Conduct for elected members included Independent co-opted members as members under corporate arrangements.

Councillor Woodwark referred to Appendix A, section 7.4.8. and highlighted the importance of everyone understanding that the Authority's governance arrangements also extended to cover the wholly owned trading subsidiary "TWFRS Ltd" which was a local authority controlled company.

Mr Knowles thanked ACFO McVay for the comprehensive report on governance. Referring to Appendix C, Improvement Action Plan for 2024/25, Mr Knowles asked if there were sufficient resources to deliver the improvement plan for People Services. ACFO McVay assured that she was confident the actions would be completed with existing resources.

25. RESOLVED that:

- (i) The Annual Governance Statement for 2023/24 be noted; and
- (ii) The revised Code of Corporate Governance for 2024 be noted.

Treasury Management Policy And Strategy 2024/2025, Including Prudential 'Treasury Management' Indicators For 2024/2025 To 2027/2028

The Finance Director submitted a report to inform the Committee on the Treasury Management Policy and Strategy (including both borrowing and investment strategies) proposed for 2024/2025 and to note the Prudential 'Treasury Management' Indicators for 2024/2025 to 2027/2028 and to provide comments to the

Authority on the proposed policy and indicators where appropriate.

Members were reminded that the Local Government Act 2003 required the Authority to:

- 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential Indicators (including specific Treasury Management Indicators) for a minimum period of three years to ensure that the Authority's capital investment plans were affordable, prudent and sustainable. These were detailed at Appendix 1;
- adopt a Treasury Management Policy Statement (detailed in Appendix 2); and
- to set out its Treasury Management Strategy Statement comprising the Authority's strategy for borrowing and the Authority's policies for managing its investments and giving priority to the security and liquidity of those investments (set out in Appendix 3).

The Finance Director advised that there were no major changes being proposed to the overall Treasury Management Strategy in 2024/2025, which maintained the careful and prudent approach adopted by the Authority in previous years. Areas that informed the strategy included the extent of potential borrowing included in the Authority's capital programme, the availability of borrowing, and the current and forecast world and UK economic positions, in particular forecasts relating to interest rates and security of investments.

The Authority's treasury management practices were subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapted to changing financial markets as appropriate so that the Lead Authority, on behalf of the Authority, could take a view on the optimum time to carry out further borrowing or debt rescheduling as considered necessary.

The Chair thanked the Finance Director for the report which he commented was the most important item on the agenda.

At the request of Councillor Woodward, the Finance Director explained that the lender has the option to alter the rate on Lender's Option/Borrower's Option (LOBO) loans at set intervals which can be accepted at the new rate or repaid without penalty. He added however that the Fire Authority did not have any LOBO loans.

26 RESOLVED that: -

- (i) The proposed Annual Treasury Management Policy and Strategy for 2024/2025 (including specifically the Annual Borrowing and Investment Strategies) be noted and endorsed; and
- (ii) The draft Prudential 'Treasury Management' Indicators 2024/2025 to 2027/2028 be noted and endorsed.

Treasury Management Third Quarterly Review 2023/2024

The Finance Director submitted a report on the Treasury Management Performance for the third quarter of 2023/2024.

The Authority's Treasury Management function continued to look at ways to maximise financial savings and increase investment returns to the revenue budget whilst maintaining a balanced risk position. It was highlighted that Public Works Loan Board (PWLB) rates had gradually risen since the start of the financial year but continued to be extremely volatile. No new borrowing had been required to date during 2023/2024 but the position continued to be monitored closely.

It was noted that the Authority's interest rate on borrowing was very low, currently 2.80%, and as such the Authority continued to benefit from this low cost of borrowing and from the ongoing savings from past debt rescheduling exercises in the revenue budget.

Treasury Management Prudential Indicators were regularly reviewed and the Authority was importantly well within the limits set for all its Treasury Management Prudential Indicators for 2023/2024. The statutory limit under section 3(1) of the Local Government Act 2003, which was required to be reported separately, (also known as the Authorised Borrowing Limit for External Debt) was set at £54.607 million for 2023/2024. The Authority's maximum external debt during the financial year to 31 December 2023 was £31.083 million and was within this limit. Details of all of the Treasury Management Prudential Indicators were set out in Section 2 of Appendix A.

The Committee was advised that the Authority had achieved a rate of return on its investments of 4.88% which was matched to the benchmark rate for 2023/2024 to 31st December 2023, instead of the average Money Market Fund (MMF) return. Whilst historic returns had been higher than the benchmark rate, the MMF rate had been adversely impacted by market volatility linked to Covid and now the continuing conflict in Ukraine. The investment policy continued to reflect the priority to 'protect' the funds of the Authority first and foremost but it was pleasing to see that the rate of return on investments was higher than envisaged when the revenue budget had been set which was welcomed. More details were set out in Section A3 of the report in respect of the Authority's Investment Strategy and Performance.

The regular updating of the Authority's Authorised Lending List was required to take into account financial institution mergers and changes in institutions' credit ratings since the previous report. The updated Approved Lending List was shown at Appendix C for information.

The Chair thanked the Finance Director for a reassuring report.

27 RESOLVED that: -

- (i) the Treasury Management performance during the year to date for 2023/2024, be noted; and
- (ii) the Lending List Criteria at Appendix B and the changes to the Approved Lending List at Appendix C be noted.

Information Governance Improvement Update

The Chief Fire Officer/Chief Executive (Clerk to the Authority), the Finance Director and the Personnel Advisor to the Authority submitted a joint report to provide Governance Committee with an overview of issues identified within the Information Governance (IG) function in the last 12 months, and a progress update on the improvement activities undertaken to address these.

ACFO McVay advised the Committee that progress with the improvement action plan was monitored by the Information Governance Task and Finish Group on a weekly basis. The Group was chaired by the ACFO in her role as SIRO. Appendix 1 showed the progress and completed actions.

An immediate review of all Information Governance policies, procedures and guidance had been undertaken to ensure compliance with the Information Commissioner Officer Guidance and General Data Protection Regulations (GDPR) as detailed in the tabled document.

Following the review, a Management of Information Framework and new suite of Information Governance policies and procedures had been produced. Regular meetings between the DPO, IG Officer(IGO) and Head of ICT were introduced which ensured alignment on areas of information security. The bi-monthly SIRO meetings included the Head of ICT to provide regular cyber security updates. In addition new Microsoft forms had been created with guidance for users to submit requests for information and were launched on the Service intranet and external website in January 2023. The use of PowerBI had been incorporated into the IG functions to ensure transparency and compliance reporting.

ACFO McVay reported that during 2023/2024 further improvement activities had taken place which included:

- All staff were required to complete and sign off Information Governance Awareness e-learning training package. Middle managers and above were required to complete and sign off an Information Risk Management e-learning training package. Specialist training for SIRO, DPO and IGO had taken place by an external provider in September 2023. The IGO was working towards Data protection and information governance practitioner apprenticeship (level 4);
- Creation of an overarching Management of Information Framework covering all aspects of the Information lifecycle with signposting to direct staff to the appropriate procedure and guidance;
- New reporting and recording systems with the use of Microsoft forms and list for FOI, Data breach, Subject Access Requests with automation to monitor compliance and ensure transparency;
- New recording system for the Information Asset Register, Partnerships and Data sharing with supporting documents uploaded to provide more efficient review process and compliance with procedures; and
- Introduction of new process for sharing audio and visual information using secure SharePoint links previously information was burned onto disc and collected or delivered to requestor. The new method had reduced costs and improved efficiency in release of information.

Members' attention was then drawn to the risk analysis. ACFO McVay reported that the risks connected with IG were identified, monitored and managed through the departmental Risk Register for the HR Department (as the host department) and the Risk Management and Assurance Database (RMAD). She added that Information Governance was a complex area of law with significant compliance requirements on public bodies such as the Service. There was an ongoing challenge to try to ensure that the Service employed sufficient staff with sufficient specialist knowledge, and to provide such staff with supervision, support and cover.

ACFO McVay advised that amendments to legislation continued to be monitored including the Data Protection and Digital Information Bill following conclusion of the second reading in the House of Lords on the 19 December 2023 and further updates were awaited.

28 Having considered the report it was RESOLVED that:-

- (i) the contents of the report endorsed; and
- (ii) further reports be received as appropriate.

Cyber Resilience Update

The Chief Fire Officer/Chief Executive (Clerk to the Authority), the Finance Director and the Personnel Advisor to the Authority submitted a joint report to provide Governance Committee with an update on Cyber Resilience arrangements within Tyne and Wear Fire and Rescue Service (TWFRS) for 2023/24 (year to date).

Members were reminded that Cyber resilience was a strategic approach to enable an organisation to maintain critical functions, limit the impact of cyber disruptions, and ensure rapid re-establishment of normal operations following a cyber incident. Currently TWFRS had a variety of different systems (both corporate and control room) that needed to be safeguarded, the majority of which were predominately hosted onsite. The Service had a limited number of cloud hosted services, with the most common being Office 365. These were also safeguarded, and there were a variety of controls in place.

ACFO McVay advised that all TWFRS ICT policies and procedures were up to date and reflected the appropriate measures required to ensure staff understood how to safeguard themselves and the Service systems. TWFRS Control Room systems were managed by the prime contractor, and were subject to ensuring security compliance in order to maintain connection to the Emergency Services communications network via a Code of Connection issued by the Home Office.

The types of controls and monitoring mechanisms TWFRS had in place to ensure the Service could maintain an overall good security posture included:

- Office 365 and Email security – currently the Service only allowed traffic and communications from "known" verified organisations. As a result, TWFRS had one of the highest C-TAG email security scores of all the public sector organisations in the North East and only one of three fire services in the UK to

achieve 'epic' rating. Additionally, data was Geo-fenced (UK only) to prevent foreign attack vectors from trying to access the systems (all non-UK traffic was automatically dropped);

- Onsite security – The Service had many physical and logical controls in place to prevent unauthorised access to on-premises systems with associated audit logs and records;
- The Service operated as per industry best practice in terms of providing systems and infrastructure resilience along with backups and storage. All systems had dual power, diverse routes, and the Service operated a complete disaster recovery architecture by adopting a replica datacentre at a separate location, of which all corporate systems replicated on a daily basis. Additionally all backups were stored to disk initially then recorded to multiple tape libraries and then stored in fire proof secure safes at opposite sites;
- The ICT Department kept a record of the number of cyber related incidents (within department local indicators). To date for 2023/24, there had been zero known cyber-attack attempt, and zero subsequent incidents to report. There had been 164 phishing emails, none of which had resulted in a cyber incident; and
- Frequent cyber test simulations and table top exercises were carried out by the ICT Department to ensure that the team were familiar with, and practiced in, the Cyber Incident Response process in the event it be required. Additionally this helped to ensure the process was refined and suitable for the Service. Additionally, the Service had been working to raise awareness across the organisation by educating staff on safe practices and the value of ensuring technology was used in a safe manner.

Members were referred to Page 128 of the agenda and were advised that In April 2023, a Cyber Assessment had been undertaken by IBM, commissioned by the National Fire Chief's Council (NFCC). The audit looked at the measures and controls that were in place and was able to offer areas for improvement as a result of the audit. The corporate and control room systems were audited separately. The main areas for improvement were focused on improving staff awareness and needing a more proactive monitoring and detection tool to support the Service.

ACFO McVay commented that annual ICT security audits were undertaken and the reports helped the Service obtain the Airwave Code of Connection from the Home Office. Members were advised that the future focus included addressing the areas for improvement from the IBM audit by adopting new proactive systems such as SIEM and IDS and ensuring dedicated roles and responsibilities within the ICT Department to support achieving and maintaining Cyber Essentials.

Members' attention was drawn to the key benefits of a Cyber Resilient approach as detailed in section 4 of the report.

ACFO McVay advised that the risk of a cyber attack or cyber disruption was ever present. Along with the ever-changing landscape with Digital and Data, the threats

would continue to evolve and as reliance on technology increased the impact would likely increase as a result. The Service's robust approach to cyber resilience helped continue to mitigate risks and the potential impact, as far as possible within acceptable tolerances. As the cyber landscape continued to change, the Service would be ready to adopt these changes to ensure the safety of the Service and communities.

The Chair was assured that ACFO McVay was happy with the mechanisms in place. Councillor Usher thanked ACFO McVay for an excellent report.

29 RESOLVED that:-

- (i) the contents of the report be noted; and
- (ii) further reports be received as appropriate.

The Chair thanked the Finance Director for being a terrific officer and wished him a very well deserved and enjoyable retirement.

Local Government (Access to Information) (Variation Order) 2006

30. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it contains information relating to the financial or business affairs of any particular person (including the Authority holding that information). (Local Government Act 1972, Schedule 12A, Part I, Paragraph 3).

Signed) G N COOK
 In the Chair