

Minutes of the meeting of the
GOVERNANCE COMMITTEE held
remotely using **Microsoft Teams**
and **livestreamed on YouTube** on
Monday 30 NOVEMBER 2020 at
10.30 a.m.

Present:

Item 03 (ii)

Mr M. Knowles in the Chair

Councillors Burdis, Dodds, Hunter, Kilgour, Woodward and Miss G. Goodwill.

In Attendance:

Cameron Waddell (Mazars)
Diane Harold (Mazars)

Apologies for Absence:

Apologies for absence were submitted to the meeting on behalf of Mr G. Cook,
Councillor Flynn and CFO Lowther.

Declarations of Interest

There were no declarations of interest.

Minutes

7. RESOLVED that the minutes of the meeting of the Governance Committee held on 28 August 2020 were confirmed and signed as a correct record, subject to the grammatical error on Page 3 being amended.

Internal Audit Annual Progress Report – 2020/2021

The Head of Internal Audit submitted a report setting out the performance of Internal Audit up to November 2020, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Authority.

Members were advised that six audit areas were included in the 2020/21 plan, however there had been a slight delay due to COVID-19.

To date four audits were underway relating to Human Resource Management, Business Development/Income Generation, Contract Management Arrangements for PFI buildings and ICT, with a draft report expected by Christmas.

The remaining planned audits (Information Governance and Counter Fraud) were scheduled to be completed by the end of the financial year.

Members were then referred to Appendix 1 of the report and advised that as draft reports had not yet been issued, some information in relation to progress was currently unavailable, however the client satisfaction surveys showed a result of 'Good' from post audit questionnaires.

Appendix 2 of the report detailed the current overall opinion against each risk area, based on the last three years' audit work and the end of year opinions, which as was highlighted, remained very positive and it was anticipated that the agreed plan would be delivered in full, by the year end.

Members were advised that it remained the opinion of Internal Audit that, overall throughout the Authority, there continued to be an adequate system of internal control.

Councillor Woodwark – referred to Appendix 2, in particular the areas highlighted in yellow and questioned whether this was due to the fact that the outcome was still awaited.

Tracy Davis confirmed that this was correct and that they were on track for any follow up work to be completed by the end of the year.

8. RESOLVED that the contents of the report be noted and endorsed.

Statement of Assurance and Annual Report 2019/2020

The Chief Fire Officer/Chief Executive (the Clerk to the Authority) and the Finance Director submitted a joint report to present Tyne and Wear Fire and Rescue Authority's Statement of Assurance and Annual Report (SOAAR) 2019/20 for Committee consideration and approval.

Members were reminded that Section 25 of the Fire and Rescue Services Act 2004 required the Secretary of State to report to Parliament every 2 years on:

- a) the extent to which FRAs were acting in accordance with the National Framework; and
- b) any steps taken for the purpose of securing that FRAs act in accordance with the National Framework.

AM Phil Clark explained that the SOAAR included the following content and made reference to relevant supporting documents:

- **Service to the community** - including an overview of strategic plans, delivery of duties (supported by case studies) and operational assurance.
- **Performance** - highlighting performance improvement, operational performance, corporate key performance indicators and Integrated Risk Management Planning.
- **How we meet the requirements of the National Framework** - evidence base to demonstrate how the Service fulfilled the National Framework requirements.
- **Governance arrangements** - focussing on the governance framework Fire Authority set up, the review of effectiveness, data transparency code, fair processing / privacy notice and an overview of corporate risks.
- **Financial assurance** - a summarised version of the Authority's Statement of Accounts with a focus on the key points arising from our stewardship of public funds in 2019/2020. This came quite late due to Government timescales.

Members were advised that it was intended to revise the SOARR in future years to make it more concise and user friendly.

Miss Goodwill referred to the case study at Tyne Dock and asked what Cobra was and was advised that this was where a high pressure lance was used to put a water mist into an enclosed atmosphere. From a safety point of view, this meant that water could be deployed from outside of the building.

DCFO Heath commented that an abbreviation list would be provided in future, to help Members understand the terms which were being used.

Councillor Burdis referred to the Control of Major Accident Hazards (COMAH) Advisor and questioned whether this was joint funding, whether funding was received nationally, or whether a member of staff was currently seconded to the post.

AM Clark advised that TWFRS employed a member of staff who looked after COMAH Sites to ensure that emergency plans were correct and functional.

The Finance Director confirmed that funding was received from Government to fund part of the post, and that the member of staff also generated an income as an advisor.

Councillor Woodward queried whether Fire Authority Members should be listed within the report and was advised that Members were detailed within the Statement of Accounts.

9. RESOLVED that:

- (i) the contents of the SOAAR be noted; and
- (ii) the SOAAR be approved for publication.

Audited Statement of Accounts 2019/20

The Finance Director submitted a report to present the Letter of Representation for 2019/2020, and to receive the Audit Completion Report from Mazars LLP concerning the financial statements for 2019/2020. 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).

In addition, the report presented an audited Statement of Accounts for 2019/2020, 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 had been included as Appendix A to this report for information.

The Authority's Statement of Accounts 2019/2020 (subject to audit) were produced by the revised statutory deadline of 31st August 2020 in compliance with the government's Accounts and Audit Regulations 2015 as amended by the requirements of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, and were presented to the Committee on 28th August 2020 to allow members the opportunity to both digest and challenge any areas of the accounts, they so wished. In accordance with the revised regulations the Statement of Accounts and the required supporting papers were also lodged on the Authority's website on 31st August 2020 to inform the public of their rights to inspect and challenge the published Statement of Accounts 2019/2020 subject to audit.

Members were advised that this had been an incredibly challenging year due to COVID-19 and that the Authority had taken advantage of the delayed deadline of 30th November, 2020.

Appendix A showed the amendments, however there was one late amendment (on P129) which had not been updated within the papers, in relation to the PFI scheme, which would therefore be shared with Members during the meeting.

Members were advised that the audited statement of accounts would not be signed off that day, as there was still some work to be completed by the External Auditors and that a notice would therefore be displayed on the website, in order to comply with the Act. No significant changes were however, anticipated.

Cameron Waddell explained that Mazars did anticipate an unqualified opinion to the Statement of Accounts and that a couple of amendments were required in relation to the valuation of land and buildings, and also the pension fund, whereby there had been uncertainties due to the impact of the Pandemic. Members were assured that these were not qualifications and no issues had been raised by Members of the Public. It was therefore anticipated that the audit would be completed that week (i.e by 4th December).

With regards to Value for Money, again, this was almost complete and an unqualified opinion was anticipated, which confirmed that the Authority had proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2020.

A new code of practice had been approved, which would be different in future years, therefore a suggestion was made that Members be briefed on this in due course.

Cameron Waddell advised that the work on pensions had been completed, and that the audit was fundamentally complete, pending the work on PPE.

Miss Goodwill questioned whether previous issues relating to West Yorkshire Pension Fund had now been resolved and was advised that everything had been resolved to satisfaction and new protocols were in place.

Councillor Burdis commented that she did not feel that the accounts could be approved due to further work needing to take place and suggested that a statement needed to be made from the Governance Committee in relation to this.

The Finance Director advised that both the Letter of Representation together with the Audit Completion Report could be approved, on the proviso that if the accounts were to be materially amended, an Extraordinary Meeting could be arranged to consider the revised detail.

Cameron Waddell suggested that, in line with other organisations where this issue had occurred, that any late amendments to the accounts, would be delegated to the Chairman and S151 Officer, and circulated to all Members of the Committee.

The Finance Director electronically shared with Members the slight amendment to the note of the accounts, in that the opening Capital Financing Regulations did not include the PFI liability and assured Members that all other figures were correct.

Members, having seen and being content with the amendment, commented that the accounts could be approved, with delegation given to the Chairman and S151 Officer, to approve any further amendments, with all Members of the Committee being informed of any changes, for the purposes of transparency.

10. RESOLVED that:

- (i) the Letter of Representation be approved (item i);
- (ii) the contents of the External Auditor's Audit Completion Report be noted (Item ii); and
- (iii) the amended Audited Statement of Accounts for the Financial Year ended 31st March 2020 (Item iii) be approved, subject to any further changes being agreed by the Chairman, in junction with the S151 Officer, and also reported to all Members of the Committee.

Treasury Management - Second Quarterly Review 2020/2021

The Finance Director submitted a report to set out the Treasury Management performance for the second quarter of the financial year 2020/2021, in accordance with the requirements of the Treasury Management Policy and Strategy agreed by the Authority.

Members were advised that Public Works Loan Board (PWLB) rates had continued to be volatile, primarily in response to the economic impact of Covid-19 but they also reflected continued uncertainty over the outcome of Brexit negotiations.

As a result, no new borrowing had been taken out to date by the Lead Authority during 2020/2021 but they continued to monitor the position closely. The Fire Authority was also not planning on taking out any new borrowing in this financial year.

It was noted that the Authority's interest rate on borrowing was very low, currently 2.90%, and as such the Authority continued to benefit from this low cost of borrowing and from the ongoing savings from past debt rescheduling exercises.

Treasury Management Prudential Indicators were regularly reviewed, and the Authority was within all of the limits set for its Treasury Management Prudential Indicators for 2020/2021.

The Finance Director advised that the Authority had benefited from additional investment income in the first half of the year of over £100,000 in cash terms based on a higher rate of return in 2020/2021 of 0.73% compared to the benchmark 7-Day LIBID (London Interbank Bid) rate of -0.06%. Performance therefore remained above the benchmark rate, whilst still adhering to the prudent policy agreed by the Authority.

As investments matured during the year, the rate of return on investments would reduce and over the whole of the financial year 2020/21 it was anticipated that income from interest receipts would be lower by £40,000. The government had recognised this position and had provided additional Covid19 grant funding to compensate the Authority for this in year loss, however this would continue to be monitored, in terms of a potential longer term impact.

More detailed Treasury Management information was included in Appendix A for information and the Lending List Criteria and Approved Lending List as shown in Appendices B and C respectively had been updated to reflect any changes since the last report to the Committee in August.

In relation to the Spending Review, Members were advised that PWLB intended to reduce the lending rates, therefore the terms and conditions would be revised. As a result, an update would be given at a future meeting.

Councillor Woodwark asked for clarification around debt re-scheduling when loan rates were particularly low, and was advised that debt rescheduling would take place once it was favourable and an opportune moment to do so.

Councillor Burdis commented upon the impact of COVID and proposed that discussions take place to ensure that this did not impact in terms of funding, for education programmes and also training.

11. RESOLVED that:

- (i) The Treasury Management performance during the second quarter of 2020/2021 be noted; and
- (ii) The amended Lending List Criteria at Appendix B and the changes to the Approved Lending List at Appendix C be noted.

The Vice Chairman confirmed that the livestream of the meeting had ended.

(Signed) M. KNOWLES,
Vice-Chairman

