

Minutes of the meeting of the
GOVERNANCE COMMITTEE held
in the Fire and Rescue Service
Headquarters, Barmston Mere on
Monday 7 March 2022 at
10.30am.

Present:

Item 3

Mr G N Cook in the Chair

Councillors Bell, Keegan and Flynn together with Mr M Knowles.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Burdis and Ord together with Miss Goodwill.

Declarations of Interest

There were no declarations of interest.

Minutes

38. RESOLVED that the minutes of the meeting of the Governance Committee held on 29 November 2021 were agreed as a correct record.

Corporate Governance Action Plan 2021/2022 Update

The Chief Fire Officer/Chief Executive (the Clerk to the Authority) and the Finance Director submitted a joint report presenting a progress update against the 2020/2021 corporate governance action plan, which formed part of the Authority's Annual Governance Statement (AGS) 2020/2021. The AGS was presented to Members on 28 June 2021 and approved by the Fire Authority on 12 July 2021.

DCFO Heath advised that during the 2020/2021 annual governance review, eight improvement actions had been identified for progression and were incorporated into the corporate governance action plan. There were a total of 15 improvement actions for completion during 2021/2022 with seven of these having been advanced from previous years.

Appendix A to the report set out each of the corporate governance actions with an update and the status marked as either complete, part complete and not yet complete. Ten of the 15 actions were complete during 2021/2022 and the remaining actions would be rolled forward into 2022/2023.

The Committee were advised that all of the actions were being progressed and it was highlighted that the Business Improvement Department had conducted evaluations to confirm that the actions completed during 2021/2022 had been achieved.

Mr Knowles was impressed with the level of assurance shown in the report and he noted that it would be good to see the actions around the provision of anti-fraud and bribery training and the Information Asset Register being completed by May.

DCFO Heath commented that in the last year a specific role of Corporate Governance Adviser had been established and part of that role was to reframe the training which was being carried out and strengthening this position. Area Manager Clark added that the training for Members was a 'top-up' as they would already receive anti-fraud training in their own authorities.

Having given the report due consideration, it was: -

39. RESOLVED that: -

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

Internal Audit Plan Report – 2022/2023

The Head of Internal Audit submitted a report enabling the Committee to consider and comment on the proposed Internal Audit Plan for 2022/2023.

The Head of Internal Audit advised that the Plan covered the key risk areas of the business over a three year period and the scope of the work was driven by an assessment of risk in consultation with the Chief Fire Officer and Finance Director. There was also contingency time built in for any unplanned work and follow up.

The planned audits for 2022/2023 were: -

- Business Continuity Arrangements
- Partnership Working
- Financial Management/Fraud and Corruption
- Service/Business Planning and IRMP
- Information Governance

In addition to this there would be some audit work on the Lead Authority's key financial systems and a draft report and, if necessary, a proposed action plan would be forwarded to the appropriate 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.

The Chair noted that Business Continuity was a very important area of work and would be interested to see the outcome of that audit which was scheduled for quarter 1.

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

Auditors Annual Report 2020/2021

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Finance Director submitted a joint report detailing the Auditors Annual Report for 2020/2021 which had been issued by the External Auditors, Mazars LLP.

Joanne Greener from Mazars was in attendance to present the report and in doing so advised that the Annual Report had replaced the Annual Audit Letter and the purpose of the report was to communicate key issues arising from the auditor's work to the audited body and key external stakeholders.

The Auditors Annual Report (AAR) provided the findings of the 2020/2021 audit which had comprised an audit of the Authority's financial statements and a detailed assessment of the Authority's arrangements to achieve Value for Money in the use of its resources.

The Committee were reminded that there had been a few matters outstanding at the last meeting but an unqualified audit opinion had been issued on 9 December 2021.

The AAR provided a narrative on the Value for Money arrangements under the three main reporting criteria of Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness. There were no risk of significant weaknesses or actual significant weaknesses identified by this work and the Auditors had not been required to exercise any of their statutory reporting powers.

Group instructions on the Whole of Government Accounts was awaited from the National Audit Office and the audit could not be formally concluded until these instructions were received. The fees for the 2020/2021 audit had not yet been finalised but would be discussed with the Finance Director and would be subject to PSAA approval.

The Chair congratulated the service on such a positive report and Mr Knowles added that the management team deserved credit for achieving a great report whilst dealing with the challenges of the last year.

41. RESOLVED that the report be noted.

Treasury Management Policy and Strategy 2022/2023, including Prudential 'Treasury Management' Indicators for 2022/2023 to 2025/2026

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 2022/2023 and to note the Prudential 'Treasury Management' Indicators for 2022/2023 to 2025/2026 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 2022/2023, 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.

Members were referred to Page 54 of the agenda and were advised that the Authorised Limit for External Debt for 2022/2023 had been set £52,826,000, therefore the Authority could not exceed this limit. In addition to this, the Operational Boundary for External Debt had been set at £47,816,000. Members were advised that these limits acted as an early warning and it was not anticipated that levels would reach anywhere near the boundaries.

The Treasury Management Statement was affirmed on an annual basis and there had been no change from the previous year's statement and this was based on low risk and prioritising the security of investments.

The Finance Director highlighted to Members that interest rates had recently increased to 0.5% having been 0.1% at the start of the pandemic. Inflation was running higher than expected and these changes were good news for savers but bad news for lenders. There was no rush for the Authority to borrow at the present time and reserves were fully committed to the Capital Programme. Treasury management in the Authority was strong and the aim was to maintain the existing careful and prudent approach whilst supporting an ambitious but affordable Capital Programme.

42. RESOLVED that:-

- (i) The proposed Annual Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Investment Strategies) be noted and endorsed; and
- (ii) The draft Prudential 'Treasury Management' Indicators 2022/2023 to 2025/2026 be noted and endorsed.

(Signed) G N COOK
Chair

