

## LANCASHIRE COMBINED FIRE AUTHORITY

### AUDIT COMMITTEE

Tuesday, 23 March 2021, at 10.00 am - Virtual meeting accessible via MS Teams and YouTube (as a live webcast).

### MINUTES

#### PRESENT:

##### Councillors

H Khan (Chairman)  
J Shedwick (Vice-Chair)  
S Clarke  
S Holgate  
A Kay  
D Smith

##### Officers

K Mattinson, Director of Corporate Services (LFRS)  
J Bowden, Head of Finance (LFRS)  
D Brooks, Principal Member Services Officer (LFRS)  
N Bashall, Member Services Officer (LFRS)

##### In attendance

A Ayre, External Audit, Grant Thornton  
A Smith, External Audit, Grant Thornton  
J Taylor, Internal Audit, Lancashire County Council

#### 49/19 CHAIRMAN'S ANNOUNCEMENT

The Chairman, County Councillor H Khan welcomed Authority members and members of the press and public to the virtual committee meeting of the Audit Committee. She advised that in response to the Covid-19 pandemic the Government had made regulations that enabled virtual meetings. This meeting was accessible for Committee members via Microsoft Teams and for members of the press and public via a live webcast on YouTube.

The Committee Members individually confirmed their attendance at the start of the meeting.

#### 50/19 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mohammed Khan.

#### 51/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

52/19 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 27 November 2020 be confirmed as a correct record for signature by the Chairman.

53/19 EXTERNAL AUDIT - ANNUAL AUDIT LETTER

The External Auditor's Annual Audit Letter represented an overall assessment of the Authority's performance, drawing on the Auditor's findings and conclusions from their work, which had previously been reported to the Audit Committee.

Members considered the Annual Audit Letter which summarised Grant Thornton's 2019/20 audit of the Authority as presented by Andy Ayre.

The Auditors had issued an unqualified opinion on the Authority's 2019/20 accounts on 30 November 2020. The External Auditors were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

It was noted that the External Auditor's fee of £34,419 was £6,000 higher than that included in the Audit Plan of £28,169 which had been highlighted in the Audit Findings Report at the last meeting. The Director of Corporate Services confirmed that the increase was consistent with similar audited bodies.

RESOLVED:- That the Audit Committee noted and endorsed the content of the Annual Audit letter 2019/20.

54/19 INTERNAL AUDIT MONITORING REPORT

The Internal Auditors produced a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report for the period up to 26 February 2021 was presented by Judith Taylor. It was noted that work carried out during this period was in accordance with the agreed audit plan.

The report identified that 63 days had been spent this financial year on the 2020/21 plan which equated to 90% of the totalled planned activity of 70 days.

Progress to date in relation of the plan was provided and discussed by Members. In relation to work completed to date, all work on the key financial systems (accounts payable, accounts receivable, general ledger, treasury management, human resources and payroll) had been completed and an opinion of substantial assurance provided. Substantial assurance was also provided in relation to safeguarding with 3 minor areas for improvement suggested. Ongoing work would be finalised in line with the plan and the Annual Report brought to the next meeting.

RESOLVED: - That the Committee noted and endorsed the report.

## 55/19 RISK MANAGEMENT

The report highlighted action taken in respect of corporate risk since the last Audit Committee meeting. The latest review of the corporate risk register had identified 1 new risk which warranted inclusion on the corporate risk register:

### Changes to Emergency Response Driver Training leading to a reduction in trained appliance drivers and hence impacting on pump availability

A new Fire Standard for Emergency Response Driver Training had been published which required more training for new drivers within the sector. The requirements were: i) current instructors to be added to a register and new drivers would need to complete a formal pathway; ii) a 10-day course with an element of night driving for all new drivers; iii) a 10 or 15-day initial response course for flexi-officers depending on current competency in response driving; and iv) longer courses for special appliances which were not LGV.

All of these would see a marked increase in the length of a driving course, which may require additional instructor resource and the impact on driving instructors was currently being reviewed, hence the need for additional capacity within the Team.

The initial driving course extension of time from 5 days to 10 days increased instructor time and may lead to difficulties in the on-call service as personnel may not be able to take the time away from primary employment to undertake training which could lead to a decline in on-call appliance availability.

This applied to new drivers therefore the impact would be felt gradually over a period of time as personnel left the service. This would be more significant in the on-call service as turnover rates were much higher. The impact would be monitored over time to ensure that new entrants were able to undertake the relevant training.

In response to Member questions regarding whether the training could be split over 2 five-day sessions and the percentage of on-call staffing that were drivers the Director of Corporate Services advised that discussions were currently taking place on how best to deliver the course to achieve the standard and maintain the number of required drivers.

An updated corporate risk register was considered by Members with changes summarised in the report. The Director of Corporate Services highlighted the following key areas: -

### Risk no. 1 – insufficient resources due to poor funding settlement, inability to make required savings, additional financial pressures such as RDS pensions etc, plus council tax limits via local referendum resulting in Authority being unable to set a balanced budget

It was anticipated that a new 4-year Spending Review be published, however due to uncertainty this had been delayed. As such 2021/22 was a one-year settlement, with a four-year settlement anticipated later that year. Running alongside this was a Fair Funding and the prospect of moving to a 75% Business Rates Retention model (both of which would impact future funding) had also been put on hold. As such it

was impossible to predict what future funding will look like, which was reflected in the Medium-Term Financial Strategy. The budget for 2022/23 and beyond assumed a funding increase of 1.5% each year, and based on assumptions contained within the Medium-Term Financial Strategy showed a funding gap of up to £1.0m in subsequent years. The Authority held sufficient reserves to meet this in the short to medium term, until March 2024.

Risk no. 27 – Increase in costs associated with changes to pensionability of allowances

Following a High Court decision on allowances within the fire service, which provided a different interpretation to both the historical basis and to previous decisions of the Pensions Ombudsman, the pensionability of various allowances changed with associated cost implications. The Service agreed eligibility with the FBU going forward and this had been implemented. The question of backdating remained unresolved. The current situation was the Service has responded positively to the FBU request for 6 years backdating for relevant allowances (primarily DCP) but the Union had not currently accepted this offer. Since the offer the Pensions Ombudsman had determined an individual case for an active employee within Lancashire and the implications for both the Service and employees was being worked through. This included liaison with our pension provider in respect of potential remedy implications. Once the appropriate action had been determined administrative resource would need to be provided to resolve.

Risk no. 29 – High levels of staff absence due to pandemic

Following implementation of Business Continuity Plans (BCP), staff absence levels peaked as expected during mid-January, following the Christmas / New Year relaxation of lockdown arrangements. The highest levels of staff absence were evident between 13<sup>th</sup> and 15<sup>th</sup> January 2021, at which time 92 staff were absent, with 15 confirmed C-19 cases, 50/51 self-isolating, and 4 with suspected C-19 (awaiting test results). This compared to staff absences which typically ran at c.40 cases across the Service at any given time. In early December 2020, LFRS accessed a provision of Lateral Flow Tests (LFT) and began a pilot rollout across a number of locations aimed at early identification and isolation of asymptomatic cases of C-19. An ambitious rollout plan followed which resulted in LFT provision being made available in a self-sustaining manner across all 39 fire stations, Service Headquarters and Service Training Centre. As at 15 January 2021, 4,277 LFT have been conducted with our workforce, resulting in a number of positive cases being identified and measures then implemented to reduce risk to their closest colleagues. Interim BCP debrief conducted internally to capture learning from the first few months of the pandemic. Further internal and Lancashire Resilience Forum debriefs to be progressed once BCP arrangements stood down.

RESOLVED: That the Committee noted the actions taken and endorsed the revised corporate risk register.

56/19 EXTERNAL AUDIT - AUDIT REPORT AND SECTOR UPDATE

Mr Ayre presented the external audit progress and sector update report which detailed progress at March 2021 in relation to the financial statements and value for money conclusion. The report also set out what the External Auditors would do and

their planned completion date.

In addition, the report included sector issues which provided an up to date summary of emerging national issues and developments to support the Authority/Committee. This covered areas which may have an impact on the organisation; they were not specific issued related to the Authority. For example, the Redmond Review was an independent review into the oversight of local audit and the transparency of local authority financial reporting. The key recommendations in the review included: i) A new regulator; ii) Scope to revise fees; iii) September deadline for audited local authority accounts to be published; iv) Accounts to be simplified. In addition, a new Code of Audit Practice brought a revised approach to value for money audit work for this financial year. This included: i) a new set of key criteria; ii) more extensive reporting; and iii) more sophisticated judgements on performance. The auditors would be reporting across those 3 criteria.

The Director of Corporate Services advised that the changes to the value for money audit work and the revised audit standard meant more work was required.

It was noted that the meeting scheduled for July had been moved to September to assist with the deadline for the audit findings report. In the meantime, an Audit Plan and Interim Audit Findings report would be required to be presented to the committee at a date to be agreed.

RESOLVED:- That the Audit Committee noted and endorsed the report.

57/19 INTERNAL AUDIT PLAN - 2021/22

RESOLVED: - The YouTube live webcast stopped working during this item which in effect excluded the press and public from the meeting, therefore the public section of the meeting was adjourned. This was prior to the Committee's determination of the recommendations which would now need to be considered (as appropriate) with an update provided to the next meeting of this Committee.

58/19 DATE OF NEXT MEETING

The next meeting of the Committee would be held on 28 September 2021 at 10:00 hours - venue to be agreed.

Further meeting dates would be re-considered following the revised deadline for publishing audited local authority accounts in September.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood