

NORTH WALES FIRE AND RESCUE AUTHORITY

Minutes of the Executive Panel meeting of North Wales Fire and Rescue Authority held on Monday, 24th September 2007 at Fire and Rescue Service Headquarters, St. Asaph. Meeting commenced at 2.15pm.

Present:

Councillor

T Roberts (Chairman)
E C George (Vice-Chairman)

J A MacLennan
S Frobisher
J A Smith
E F Evans
E Morgan Jones
W T Owen
G M Craddock
M Williams
W J Chorlton
J A Roberts

Representing

Gwynedd Council
Wrexham County Borough Council

Conwy County Borough Council
Denbighshire County Council
Denbighshire County Council
Flintshire County Council
Gwynedd Council
Gwynedd Council
Wrexham County Borough Council
Wrexham County Borough Council
Ynys Môn County Council
Ynys Môn County Council

Also present:

S A Smith (Chief Fire Officer and Chief Executive); J Kennedy (Deputy Monitoring Officer to the Authority); K W Finch (Treasurer to the Authority); P S Claydon (Assistant Chief Fire Officer, Service Delivery); C Hanks (Assistant Chief Fire Officer, Service Support); D Docx (Assistant Chief Officer, Finance and Procurement); S Forrest (Treasurer's Department Conwy County Borough Council); M Halstead (Head of Internal Audit, Conwy County Borough Council); W A Murphy (Senior Operations Manager); G Brandrick (Service Development Manager); S Morris (Corporate Planning Manager); R Fairhead (Chief Officer's Advisory Team Support Manager) and Rh Evans (Member Liaison Officer).

PART I

1) Apologies

Councillor

D Barratt
J M Vaughan
I R Miller
C Enness

Representing

Flintshire County Council
Conwy County Borough Council
Clerk and Monitoring Officer to the Authority
Deputy Chief Fire Officer

2) Notice of Urgent Matters

Members were informed by the Chairman that no items had been submitted to him or the Deputy Monitoring Officer for consideration.

Members asked officers to convey their best wishes to Deputy Chief Fire Officer Chris Enness who was recovering at home following surgery.

The Chief Fire Officer informed the Panel that he had recently received a letter from UNISON giving notice that the Union was now in a state of industrial dispute with the Authority over the 2007 pay award for local government staff. He advised members that this may lead to industrial action being taken by UNISON members, but assured the Panel that measures would be put in place to safeguard the delivery of frontline services.

Members were also advised that the All-Wales Fire and Rescue Authorities Members' Seminar, scheduled for 5th November 2007 at Merthyr Tydfil, had been cancelled. As the date had already been set aside for Authority related business the Chief Fire Officer suggested that members may wish to use the opportunity to hold a North Wales event. The Panel:

Resolved: - that an informal meeting of the Fire and Rescue Authority be held on 5th November 2007 to discuss the Service's budget.

3) Minutes

The following minutes were submitted:

- i. Executive Panel meeting held on 25th July 2007

Resolved: - to approve the minutes as a true and correct record of proceedings.

4) Matters Arising

The following matter arose from the minutes submitted:

Page 7, Legislative Competence Order – Installation of Domestic Sprinklers: in response to a request from the Vice-Chair on the current position regarding this Legislative Competence Order (LCO) the Chief Fire Officer advised members that the Media Day, arranged by Mrs Ann Jones AM at St. Asaph Fire Station on 13th September 2007, to promote the LCO and to highlight the benefits of installing domestic sprinklers had been well received and widely supported. The process had suffered a slight setback recently following the departure of Mrs Jones' researcher as he had been heavily involved with the work surrounding the LCO. The latest information received from the Assembly indicated that the LCO would be debated at the Assembly's Plenary session on 10th October 2007.

5) Risk Reduction Plan 2008/09 – public consultation responses

The Assistant Chief Officer (Finance and Procurement) introduced her report and appendix (previously circulated) which informed members of the responses received to the consultation on the Authority's draft Risk Reduction Plan (RRP) Action Plan for 2008/09. The report listed the categories of organisations and individuals consulted as well as the methods by which the consultation process had been undertaken. Members were advised that this consultation exercise had attracted the highest number of responses of any RRP consultations undertaken by the Authority. Of the 62 responses received by the closing date, approximately two-thirds had been submitted by Service personnel.

The Service's Corporate Planning Manager then summarised the report's contents which detailed the methods by which the responses had been submitted and the matters and concerns raised. Following her introduction she proceeded to detail the contents of the report's appendix which listed and categorised the responses received and the Authority's proposed response to the issues raised. The responses received broadly fell into six categories: general comments received about the draft Action Plan document; comments supporting the proposals; comments disagreeing fundamentally with the proposals; comments not in support of the proposals; comments suggesting alternatives and questions. Those in the questions category could be split into two groups: rhetorical questions and genuine information seeking questions.

All present were informed by the Chairman that the RRP Working Group had met earlier that day to discuss in detail the responses received. Following a comprehensive analysis of the responses received and detailed deliberations the Working Group had formulated a recommendation for the Executive Panel to submit to the Fire and Rescue Authority meeting on 15th October 2007 in relation to the Authority's Risk Reduction Plan Action Plan for 2008/09. The Panel agreed with the proposed recommendation and:

Resolved: -

- i. to note the responses received to the consultation on the draft RRP Action Plan 2008/09, and in light of the many responses received;***
- ii. to recommend to the Fire and Rescue Authority at its meeting on 15th October 2007 that it accepts Proposals 1, 2 and 4 as drafted within the Draft Action Plan 2008/09;***
- iii. in relation to Proposal 3, the Rostering Review and Dedicated Response Option, that a decision on this proposal is deferred to a future meeting of the Risk Reduction Plan Working Group for further discussion and analysis with any future proposal, following recommendation by the Executive Panel, being subject to ratification by the full Authority; and***
- iv. to agree the final wording of its response to written comments submitted by consultees on the draft RRP Action Plan 2008/09 as***

presented in Appendix 1 subject to the deletion of those responses relating to Proposal 3.

6) Audit of Financial Statements – Report to those charged with Governance

Mr Matthew Edwards, Audit Manager, Wales Audit Office (WAO) was welcomed to the meeting to present three reports from the WAO. The first of which was the 'Audit of Financial Statements – Report to Those Charged with Governance' (previously circulated). Mr Edwards explained that as the audit of the 2006/07 financial statements was almost complete the WAO, as the Authority's appointed external auditor, in accordance with the International Standard of Auditing (ISA) 260, prior to giving a final opinion on the financial statements was required to report to those charged with governing the Authority the details and key messages that arose from the audit. Panel members were advised that Mr Anthony Barratt, the Appointed Auditor, had no concerns about the qualitative aspects of the Authority's accounting practices and financial reporting, and that he intended to issue an unqualified auditor's report on the Financial Statements.

Mr Edwards detailed the report's contents and explained to members that he was required to draw their attention to a number of uncorrected misstatements in the Accounts. As in previous years these non-trivial misstatements related to the holding of provisions which, although drawn to management's attention, had not been corrected in the Financial Statements. The WAO conceded that whilst these provisions, which were set aside to meet future budgetary expenditure rather than present obligations which resulted from a past event (as per Financial Reporting Standard (FRS) 12), did not conform with The Chartered Institute of Public Finance Accountants' (CIPFA) Statement of Recommended Practice (SoRP) and with recognised public accounting practices, they were both prudent and transparent. The WAO confirmed that it was aware that the Authority had utilised this approach since its establishment in 1996 and that the constituent authorities were fully briefed of the arrangements and were content with the approach taken by the Authority. The WAO was also satisfied that the amounts set aside as 'Provisions' were generally utilised within a reasonable period, but requested that members endorsed the approach taken by management prior to the Statement of Accounts being signed off by the Appointed Auditor. All final accounts from the 2006/07 financial year onwards were required to be signed off by 30th September in the following fiscal year. It was:

Resolved: - to note the Appointed Auditor's report and to sanction the approach taken by management in relation to the holding of provisions that did not fully comply with FRS 12.

7) Audit of Financial Statements – 2006/07 Final Accounts Memorandum

Mr Edwards then proceeded to introduce his report on the 'Audit of Financial Statements – 2006/07 Final Accounts Memorandum' (previously circulated). He

explained that under the WAO's Code of Audit and Inspection Practice the Appointed Auditor had a responsibility to provide an opinion on whether the Authority's Financial Statements presented fairly its financial position for the previous financial year. Mr Edwards informed members that the key objective of the audit was to collect evidence to support an opinion being issued stating that the Authority's "accounting statements present[ed] fairly, in accordance with relevant legal and regulatory requirements...the financial position of the Authority" for the year ended 31st March 2007. He proceeded to detail the contents of his report which summarised the approach taken and the recommendations that had emerged from the audit. The six recommendations which had emanated from the audit were listed in the Action Plan attached to the report. Management had agreed to accept 4 out of the 6 recommendations. The 2 recommendations which had not been accepted related to the introduction of stock control procedures at all individual stations, and a suggestion that the Authority's Treasury Management Policy should be updated to reflect a requirement that all investments held should be in the Authority's name. In reply to a question from the Vice-Chair on the non-acceptance of these recommendations the Treasurer advised that the stock levels held by individual fire stations was low, therefore the cost of implementing a stock control procedure as per the recommendation would be far greater than the benefits which would be realised by its implementation. In relation to the recommendation pertaining to updating the Treasury Management Policy the Treasurer advised that the approach currently taken, where the Authority's investments were pooled with those of Conwy County Borough Council, meant that the Authority generated a higher level of income. The Authority's investments were clearly identified within the Council's Treasury Department and therefore the Fire and Rescue Authority's financial position was not being put at risk. Officers had taken the view that if the Authority accepted and implemented the latter recommendation it would be to its own detriment, as by denying itself a higher yield on its investments, it would lower its capacity to generate income.

Mr Edwards advised the Panel that the WAO had come to the overall conclusion that the Authority had effective high-level internal controls in place which provided a sound basis for the preparation of the financial statements. The deadline for the submission of the audited accounts had been met and the draft accounts had been submitted to the WAO on time and in accordance with the requirements of the Accounts and Audit Regulations (Wales) 2005.

Members were reminded of their personal responsibilities, in order to assist with the completion of the draft financial statements, to complete and return the identification of related parties' declarations on time.

Prior to concluding Mr Edwards requested that his gratitude to the Service's Finance personnel and Conwy County Borough Council's Treasurer's Department and Audit Department staff, in particular Ms Sandra Forrest, Principal Accountant, and Ms Claire Davies, Finance Manager, be recorded. Members:

Resolved: - to note the report and the Financial Accounts Memorandum 2006/07.

8) Assessment of Internal Audit 2006/07

The WAO's report on its 'Assessment of Internal Audit 2006/07' was presented to the Panel by Mr Edwards. He explained that the external auditors were required annually to assess the Authority's Internal Audit functions against the ten standards set out in CIPFA's 'Code of Practice for Internal Audit in Local Government in the United Kingdom'. Mr Edwards detailed the contents of his report and informed the Panel that, following its assessment, the WAO had concluded that the Internal Audit function was fully compliant with 7 out of the 10 standards and, although no internal audit strategy had been produced for 2006/07, one had been put in place for 2007/08. Significant progress had been made in implementing the recommendations from the previous year's assessment and, during the year, the Executive Panel's terms of reference had been extended to encompass the role of an audit committee.

Two recommendations had come out of this year's assessment. These recommendations, which had been accepted, were listed on the Action Plan at Appendix 1 to the report. Members:

Resolved: - to note the Assessment of Internal Audit 2006/07.

Following the conclusion of the presentation of the WAO's reports the Chairman, on behalf of the Authority, thanked Mr Edwards for attending and presenting the reports. As this was the last meeting which WAO officers would be attending in their capacity as the Authority's external auditors, the Chairman asked Mr Edwards to convey the Authority's gratitude to his colleagues for all their work over the years and for their amiable manner when working with officers and members.

9) Statement of Accounts 2006/07 and the Letter of Representation

The Treasurer presented members with his report, the audited version of the Authority's Statement of Accounts 2006/07 and a copy of the correspondence between him and the External Auditor (previously circulated). He explained that the draft Statement of Accounts 2006/07 had been approved by the Fire and Rescue Authority at its June meeting. Since then the Accounts had been audited by the WAO and, following discussions between staff from the WAO and the Treasurer's Department, minor presentational amendments had been made to the Statement. Members were advised by the Treasurer that paragraph 9 of his correspondence with the External Auditor set out the Authority's reasons for the holding of 'Provisions' and the method by which they were recorded in the Accounts. Under powers delegated to it in relation to audit matters the audited Accounts were being presented to the Panel for noting and for it to acknowledge, on the Authority's behalf, the Letter of Representation sent to the External Auditor. The Panel:

Resolved: - to

- i. note the amended Statement of Accounts for 2006-07, appended as Appendix 1; and***
- ii. acknowledge the Letter of Representation sent to the External Auditor.***

10) Budget Prospects for 2008/09

The Assistant Chief Officer (Finance and Procurement) introduced her report (previously circulated) which presented members with further information regarding the pressures on the Authority's revenue budget. She explained that the report also commented on possible future Revenue Support Grant (RSG) settlements. The Assistant Chief Officer (Finance and Procurement) briefed members on the report's contents and detailed specific areas within the Service's budget where both short and long-term efficiency savings may be achieved. Members were advised that the Authority could by realising specific efficiencies and managing some of the cost pressures, with a budget increase of £1.27m (4.29%) on the 2006/07 budget, fulfil its aspiration of the optimum delivery level for community safety. Members agreed that, with early indications pointing to an increase of 2 to 2.5% in the RSG settlement for local authorities and with local elections being held in 2008, the constituent authorities were unlikely to be receptive to a 4.29% increase in their contributions towards the Combined Fire Service Fund.

The Vice-Chair felt that members needed to ensure that the Authority was provided with sufficient resources to meet its duties and obligations. It was also important, particularly in view of the ever-tightening financial situation, that the Service worked closely with other local authority departments and organisations, to guarantee shared outcomes and achievements. Members:

Resolved: - to note the contents of the report and that a detailed discussion on the Service's Budget be undertaken at the informal Fire and Rescue Authority meeting scheduled for 5th November 2007.

11) Draft Policy on Business Continuity Management

The Assistant Chief Fire Officer (Service Delivery) presented his report and the draft Business Continuity Management policy to members for their information and to seek their endorsement for the policy. He detailed the information contained in his report and explained that Business Continuity Planning/Management, which set out procedures for dealing with business disruption situations, such as pandemic flu or industrial disputes, were currently high on all authorities' priorities lists. Members were advised by the Chief Fire Officer that the revised version of the Fire and Rescue National Framework for Wales, currently under development, would also place a strong emphasis on business continuity management. Members requested that they be presented with a regular update on Business Continuity Management as they are

responsible for ensuring the policy's implementation and for securing sufficient resources so that its objectives are met, that they be presented with a regular update on Business Continuity Management. It was:

Resolved: - to endorse the contents of the draft policy and associated appendices and that a regular update be presented to members on Business Continuity Management.

12) Urgent Matters

None.

13) Date(s) of future meetings

Following a discussion members:

Resolved: - that the Executive Panel's next meeting be held at 11am on Thursday 15th November 2007 at Fire and Rescue Service Headquarters, St. Asaph.

PART II

No business.

Meeting concluded 3.10pm.