

**AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN  
CYMRU**



**MID AND WEST WALES FIRE AND RESCUE AUTHORITY**

**NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY THE PERFORMANCE, AUDIT AND  
SCRUTINY COMMITTEE AT ITS NEXT MEETING**

**COFNODION CYFARFOD Y PWYLLGOR  
ADOLYGU AC ARCHWILIO PERFFORMIAD  
MINUTES OF THE PERFORMANCE AUDIT AND  
SCRUTINY COMMITTEE**

**DYDD LLUN, 31HYDREF 2016  
MONDAY, 31 OCTOBER 2016**

**YSTAFELL CAER, PENCADLYS Y GWASANAETH TÂN, CAERFYRDDIN  
CAER SUITE, FIRE SERVICE HEADQUARTERS, CARMARTHEN**

**10.00 – 12:25**

**60% PRESENOLDEB/ATTENDANCE**

**Presennolyn y Cyfarfod/Present at Meeting:**

|                              |   |
|------------------------------|---|
| CHAIR                        | Councillor E Thomas   |
| IS-GADEIRYDD/DEPUTY CHAIR:   | Councillor T Hennegan   |
| AELODAU/MEMBERS:             | Cyng/Cllrs: K Curry, S Davies, J Dudley,<br>R Rees-Evans, G Thomas, G Walker,<br>T Wilcox   |
| YMDDIHEURIADAU/APOLOGIES:    | J Curtice, P James, K Pearson,<br>G Tanner, J Warman, J Williams  |
| YN BRESENNOL /IN ATTENDANCE: | C Davies, M Crennell, E Aitken, D Daycock,<br>M Harries, K Jones, R Thomas, C Jackson,<br>M Jones (Wales Audit Office), S Barry (Wales<br>Audit Office), H Pugh (Carmarthenshire<br>County Council), Cllr W Evans (non committee<br>member/Observer), Cllr S Paddison (non<br>committee member /Observer) |

## **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors J Curtice, P James, K Pearson, G Tanner, J Warman and J Williams.

## **2 DECLARATION BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS**

All Members present declared that they had a personal interest in any business relating to, or affecting their own Constituent Authority.

## **3 CHAIR'S ANNOUNCEMENTS AND PERSONAL MATTERS**

The Chair welcomed Councillors W Evans and S Paddison who were in attendance as observers in the meeting.

The Deputy Chief Fire Officer provided Members with an overview of a significant fire incident which had occurred at Gower College on Friday, 28 October 2016. Councillor T Hennegan, on behalf of residents within the Ty Coch ward, Swansea, thanked all staff involved in dealing with the incident promptly and efficiently. Committee expressed their gratitude for the professionalism and commitment of staff in bringing the incident to a close and preventing further spread of fire.

The Corporate Head of Prevention & Protection made reference to the White Ribbon campaign, whereby all Members were invited to sign a book which pledged to condemn domestic violence against women.

A warm welcome was extended to Mark Jones and Steve Barry of the Wales Audit Office (WAO) who were in attendance to present items 5 and 7 of the agenda respectively, and to the Authority's internal auditor, Helen Pugh of Carmarthenshire County Council.

## **4 TO CONFIRM AND SIGN AS A TRUE RECORD THE MINUTES OF THE PERFORMANCE AUDIT AND SCRUTINY COMMITTEE HELD ON 25<sup>th</sup> JULY 2016.**

The minutes of the Performance, Audit and Scrutiny Committee meeting held on 25<sup>th</sup> July 2016 were confirmed as a true record of proceedings.

### Matters Arising from the meeting held on the 25<sup>th</sup> July 2016

Page 2, Item 6 – Ms Helen Pugh of Carmarthenshire County Council informed Members that the internal audits for 2016/17 had commenced and would comprise a review of the creditors, debtors, financial system and payroll procedures, as agreed by the Director of Finance. Members were encouraged to liaise with the Director of Resources to request a review of any further areas of risk or concern, which would be prioritised accordingly.

Page 10, item 11 – Councillor K Curry was delighted to note the successes of the Aberystwyth Fire Station project from a community and environmental perspective and requested an update regarding publicising the positive work undertaken in this regard. The Corporate Head of Resources duly provided Members with an update on the array of awareness raising initiatives that had been undertaken to date, including open days, press releases and entry submissions into a number of award processes. The Chair reported that the fire station had also been officially opened by the Welsh Government’s Cabinet Secretary for Communities and Children who had been delighted to support the community enterprise.

The Deputy Chief Fire Officer further informed Members that the station opening would also be televised, forming part of a six-part series by S4C into the work of the Mid and West Wales Fire and Rescue Service.

In response to a query from Councillor G Walker, it was agreed that the Corporate Head of Resources would liaise with Councillor G Walker to obtain further information regarding the possibility of a Green flag award submission.

## **5 TO RECEIVE A VERBAL UPDATE REGARDING THE STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

The Treasurer prefaced her update by informing Members that a verbal update on the Statement of Accounts would also be provided at the forthcoming Resource Management Committee, thereby ensuring that all Members would have the opportunity to be appraised of, and discuss the matter in detail.

Members were informed that the delay in the presentation of the finalised Statement of Accounts for the financial year ended 31 March 2016 could be attributed to the delay of submission of VAT returns to the HMRC and a matter relating to ‘adjusted misstatements’.

The Treasurer further apologised to Members regarding the unclaimed VAT issue which had been highlighted to Members at the Extraordinary General Meeting held on 29 September 2016. Members were assured that an internal management investigation had been instigated which would hopefully identify any further processes required to be implemented to prevent anything similar happening in the future. The Treasurer acknowledged that a significant process failure had occurred, which had resulted in some financial loss to the organisation. It was however stressed that VAT money did not form part of the Authority’s budget planning processes, and consequently there had been no impact on any budget decisions taken during the last 3 years. Members were further assured that all previous Statement of Accounts, which had been approved, had been correct.

The Treasurer clarified to Committee that media reports quoting £46,000 interest payments paid on long term loans as being directly attributed to the delay in submitting the VAT returns, were in fact incorrect, and it was explained that low interest loans as a means of supporting planned capital expenditure was a routine part of usual business processes and as such, there was no link between the loans taken, or the interest of the loans, and the delay in submitting the VAT returns.

Members were informed that the Authority had incurred a relatively small financial loss in the region of between £5,000 and £6,000 per annum over the 3 year period which could be attributed to the loss of interest which would have been gained from the VAT money, had it been claimed on time.

The Treasurer further reported that all VAT claims had been submitted to the HMRC in the correct format and all subsequent queries had been addressed. Members were informed that HMRC had indicated that its inspection would be concluded within 5 working days, however this could impact on the timings of the audit of the final Statement of Accounts. The Treasurer explained that the Authority would endeavour to conclude matters by the end of the calendar year, though it was stressed that all legal requirements had been complied with in approving a draft statement of accounts, but that it had been recommended that a clean, unqualified opinion on the final Statement of Accounts be awaited prior to the finalisation of the Statement of Accounts.

The Treasurer informed Members that the second issue affecting the timings of the closure of the Statement of Accounts related to the adjustment in valuations and it was reported that this matter would be finalised by the end of the week.

Mr M Jones reported that it would be the Wales Audit Office's preference for the final Statement of Accounts to be closed within the calendar year, however there was no legal requirement preventing the matter being concluded in 2017, and as such Members' views on timings were sought.

In response to concerns raised by Councillor Rees-Evans, Mr M Jones of the Wales Audit Office clarified that some other audit issues surrounding accounting treatments and valuations remained outstanding, however these were expected to be concluded imminently. Mr M Jones assured the Committee that the Audit for 2016/17 was expected to run far more smoothly, and stated that it was important to appoint a high calibre Head of Finance following the retirement of the current post holder.

Following comments made by Councillor J Dudley, Ms H Pugh clarified that in order to avoid duplication of work, the Authority's internal audit team would typically audit creditor and debtor financial systems whereas the external auditors would usually address balance sheet issues. Mr M Jones informed Members that following the commencement of the Audit on 8 August 2016, the Wales Audit Office had requested the VAT information on 10 August 2016 and the position had been established by mid-September. It was confirmed that the Wales Audit Office had checklists in place and also drew on experience and judgement in conducting audits.

Following a query from Councillor Rees-Evans, the Treasurer confirmed that VAT submissions were completed electronically and that no reminders had been issued from the HMRC.

A discussion ensued regarding the timetable for approving the final Statement of Accounts, and the consensus from Members was that they wished to ensure that all matters be addressed satisfactorily before approving the final statement of accounts, and that accordingly the Committee was agreeable to concluding matters in 2017 if required. Councillors T Hennegan, A Wilcox and W Evans took the opportunity to express their confidence in the Treasurer that no similar issues would arise in future.

Following comments made by Councillor W Evans in respect of communication with trade union representatives, the Treasurer confirmed that as part of the Service's commitment to engage with staff in an open, transparent manner, she had met with Representative Bodies and Engagement Champions in order to clarify the situation and dispel any rumours and it was hoped that these key members of staff would assist in relaying the correct information to the remainder of the workforce.

In response to a point raised by Councillor G Walker concerning the appropriate policy governing this matter, and a query raised by S Paddison, the Chief Fire Officer explained that an internal investigation into the VAT issue. led by an operational Group Manager had commenced, which would be supported by a non-operational member of staff of the same rank. The aim of the management investigation was to provide learning outcomes to ensure that no similar incidents would occur in the future. The Chief Fire Officer further clarified that the results of the management investigation would establish whether a breach of policy had occurred and therefore determine the next course of action. Members were reminded that the Authority had been externally recognised as being a high performing, continually improving organisation, and whilst it was unfortunate the current situation had occurred, processes had been implemented to rectify the issue. Both the Chief Fire Officer and Treasurer assured Members that this situation would not reoccur.

### ***RESOLUTION***

***It was RESOLVED that the Performance, Audit and Scrutiny Committee note the verbal update.***

## **6 TO RECEIVE AND NOTE A REPORT ON THE JOINT PUBLIC SERVICE CENTRE PROJECT (JPSCP)**

The Corporate Head of Response presented a report to Members on the Joint Public Service Centre Project (JPSCP). Members were informed that although significant progress had been made to date, there had been a delay in the go live date for the Command and Control system from October 2016 to early 2017, which was attributable to Capita's failure to deliver the software requirements as specified within the contract.

Members' attention was drawn to Appendix 1 of the report which contained a financial summary of expenditure and the Committee were informed that the Service was operating within the 10% tolerance figure.

The Corporate Head of Response reported that North Wales Fire and Rescue Service were also purchasing a new Command and Control System and assured Members that both control projects were coordinating their activities to ensure appropriate resilience arrangements were in place.

In response to a query from Councillor Rees-Evans, the Corporate Head of Response confirmed that a liquidated damages clause had been included within the contract's terms and conditions, though it had not been invoked to date; furthermore, Capita had provided the Service with improved software packages to the value of £135k to offset the delays incurred. However, should there be any further delays, liquidated damages would be pursued.

A discussion ensued on control staff sickness levels and Members were pleased to note that the number had decreased by 64% between 2013/14 and 2015/16.

In response to a query from Councillor T Hennegan, Members were provided with an overview of the community benefits derived from the project in terms of improved services to the public, enhanced multi-agency relationships and employment opportunities for local suppliers etc.

### **RESOLUTION**

***It was RESOLVED that the Performance, Audit and Scrutiny Committee note the progress of the project.***

## **7 TO RECEIVE AND NOTE THE WALES AUDIT OFFICE ANNUAL IMPROVEMENT REPORT 2015/16**

Mr S Barry, Wales Audit Office Manager, presented the Wales Audit Office Annual Improvement Report 2015/16 to Members which encapsulated the audit work undertaken within the Authority during the reporting period. Members were pleased to note that the Auditor General had concluded that the Authority had arrangements in place which were likely to enable it to secure continuous improvement for 2016/17. Mr S Barry confirmed that the Authority had arrangements in place to ensure it met its obligation to set improvement objectives and publish an evaluation of its performance; appropriate activities to improve fire safety were delivered and arrangements for achieving financial resilience were sound.

Committee gave consideration to the proposals for improvement in terms of fire safety arrangements and the Deputy Chief Fire Officer confirmed that the National recommendations would be considered at the All Wales Community Risk Reduction Committee prior to reporting to the National Issues Committee.

Councillor Rees-Evans was pleased to note the positive report which could be attributed to the leadership team within the Service.

Following a query from Councillor Rees-Evans, Mr S Barry clarified that further discussions between Welsh Fire Authorities were required in order to establish the rationale for the deployment of resources.

In response to a query from Councillor G Walker, the Deputy Chief Fire Officer clarified that the methodology for undertaking business fire safety activities had changed to a risk assessment approach as a result of changes in legislation within the 2006 Fire Precautions Act.

## **RESOLUTION**

***It was RESOLVED that the Performance, Audit and Scrutiny Committee note the report.***

### **8 TO RECEIVE AND NOTE THE PERFORMANCE AND IMPROVEMENT PROGRESS REPORT – QUARTER 2 2016/17**

The Deputy Chief Fire Officer presented the Performance and Improvement Progress Report – Quarter 2 2016/17.

Members were provided with an overview of progress made on Performance Indicators for the reporting period 1<sup>st</sup> July 2016 – 30 September 2016, and a number of Member queries were addressed, as follows:

Councillor K Curry drew attention to the graphics displayed within Appendix 1, Part 1 of the report noting that the trend line could be considered as being misleading. The Deputy Chief Officer responded that the Corporate Communications and Business Development department would explore the issue in order to establish the most suitable presentation of figures.

Councillor Rees-Evans referred to page 7 of Appendix 1 and suggested that the co-responder incidents be reported separately as this positive initiative contributed to the number of overall incidents attended, and therefore could be perceived as negative. This was agreed.

The Deputy Chief Fire Officer confirmed that defibrillators had been placed on all frontline appliances and were anticipated to arrive at a medical emergency within 8 minutes, commensurate with WAST guidelines. Members were informed that the Service's Control could redirect resources to other incidents, as appropriate, and Councillor K Curry requested that it may be useful for information for Members to be notified of when such instances occurred.

Following comments made by Councillor W Evans, the Corporate Head of Protection and Prevention confirmed that the Service worked closely with 'Go Safe' (the road safety organisation) to identify hotspots for road safety initiatives.

Members' attention was drawn to Part 2 of Appendix 1 to the report, whereby the Deputy Chief Fire Officer provided Committee with a synopsis of progress made

against each of the Authority's 12 improvement objectives, together with an explanation of how each objective enabled the Service to meet its strategic priorities. Members were pleased to note that significant progress had been made within each improvement objective, with 11 being allocated a green status and 1 an amber status, which was within overall progress tolerance.

Committee were provided with an update on progress made against the Service's corporate projects, as set out in Part 3 of Appendix 1 of the report, in terms of the Safe, Well and Independent Living project, Emergency Services Mobile Communications Programme, Aberystwyth Fire Station project and Northern Workshops project.

Councillor S Paddison requested that all Members receive a copy of the quarterly Performance and Improvement Progress reports for information, and this was agreed.

### **RESOLUTION**

***It was RESOLVED that the Performance, Audit and Scrutiny Committee note the report and progress made to date.***

#### **9 TO RECEIVE AND NOTE THE BUSINESS RISK REGISTER UPDATE REPORT TO SEPTEMBER 2016**

The Corporate Head of Prevention & Protection presented the Business Risk Update Report to September 2016 to the Committee.

Members were provided with an overview of the Business Risk Register Decision Log (Appendix C) and the eight identified risks.

A summary of the latest considerations by the Business Risk Management Group (BRMG) for each of the risks contained within the Business Risk Register Decision Log was given to Members. It was noted that 5 risks relating to Industrial Relations, Business Continuity/Interruption, Attendance Management, Procurement and Security remained the same, 1 risk relating to Regulatory body compliance had increased and 2 risks relating to Change Management and Road Risk had decreased.

Members were informed that the Service continued to raise awareness amongst employees with regards to the Security arrangements within the Service. The Corporate Head of Prevention & Protection confirmed that an initial security audit of the Service Headquarters campus and Earlswood training delivery site had been undertaken in the Summer which as a result, electronic building access controls would be further explored with a view to implementing at these areas. Cllr Curry thanked the Corporate Head of Prevention & Protection for updating Members on the matter which had been raised at the previous PASC meeting.

In response to a comment made by Mr M Jones, of the Wales Audit Office, the Deputy Chief Fire Officer confirmed that recent developments in relation to the

Business Continuity/Interruption risk had been identified and would be incorporated into the next quarterly report.

***RESOLUTION***

***It was RESOLVED that the report be noted.***

- 10 TO CONSIDER ANY OTHER ITEM OF BUSINESS THAT BY REASON OF SPECIAL CIRCUMSTANCES, THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PERSUANT TO SECTION 100(B)(4) OF THE LOCAL GOVERNMENT ACT 1972**

The was no other business. The meeting closed at 12:25.