



LONDON FIRE BRIGADE

Report title

Proceedings of the Audit Committee

Report to

Commissioner's Board
London Fire Commissioner

Date

23 November 2021

Report by

General Counsel

Report number

LFC-0619

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If redacting, give reason:

I agree the recommended decision below.

Andy Roe
London Fire Commissioner

Date

This decision was signed
remotely on 25 November
2021

Executive Summary

The London Fire Commissioner (LFC) created an Audit Committee (the Committee) in the Autumn 2020 comprising four independent members in order to:

... enhance public trust and confidence in the governance of the London Fire Brigade (the Brigade), review and, where appropriate, make recommendations to the London Fire Commissioner (LFC) on the comprehensiveness, reliability and integrity of and compliance with the internal and external controls including finance, audit, risk management, and corporate governance' (Audit Committee Terms of Reference).

The establishment of an Audit Committee formed part of the LFC's Transformation Plan.

The minutes of the 28 October 2021 Audit Committee meeting are attached to this report

Recommended decision

The London Fire Commissioner

Notes the minutes of the Audit Committee for the meeting attached as Appendix 1.

Introduction and Background

1. The Audit Committee met recently and the minutes of that meeting as approved by the Chair, are attached as Appendix 1.
2. The Committee Terms of Reference provide at paragraph 3.8 Recommendations and reports deriving from the Committee shall be reported to the LFC for decision or consideration. The minutes of the Committee meetings are presented to the Commissioner's Board at the first available date after the Audit Committee meeting has taken place and the minutes are approved. The Chair of the Committee is invited, as required, to the Board to present those minutes. The purpose of this report back to the LFC within the governance framework is to provide a prompt opportunity for the Commissioner to consider the business of the Committee, and any comments or recommendations that may be made, and to consider where appropriate, any action required. Any urgent matters arising from the Committee meeting will be reported directly to the LFC for action outside of this normal process.
3. The role of the Audit Committee is in part to enhance public trust and confidence in the governance of the London Fire Brigade (Committee Terms of Reference), and accordingly the minutes of the Committee are published on the LFC website as confirmed in the Committee Terms of Reference at paragraph 3.9. The minutes are also be provided to the Deputy Mayor, Fire and Resilience and to the Mayor of London.

Equality Impact

4. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
5. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
6. The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, Sexual orientation.
7. The Public Sector Equality Duty requires the LFC, in the exercise of all its functions (i.e. everything it does), to have due regard to the need to:
 - (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.

- (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
8. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
9. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
10. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) tackle prejudice, and,
 - (b) promote understanding.
11. The Terms of Reference and the Annual Work Plan provide for a focus on the LFC's performance of the duties set out under the Equality Act 2010, and the Audit Committee, through its agendas will be reviewing a range of other arrangements which may be presented to it with equality impact analysis.
12. Any recommendations resulting from the Committee will result in improvements being made by the LFC where needed and accordingly the proposals set out in the report have no negative impact on persons who share a protected characteristic, indeed the functions of the Audit Committee are more likely to have a positive impact.

Strategic Drivers

13. Effective audit assurance and the work of the Audit Committee supports the strategic pillar *delivering excellence* in the LFC Transformation Delivery Plan.

Finance comments

14. There are no financial implications arising from this report.

Legal comments

15. Section 1 of the Fire and Rescue Services Act 2004 states that the Commissioner is the fire and rescue authority for Greater London. The Commissioner is also a 'best value' authority under the Local Government Act 1999 and must make arrangements to secure continuous improvement in

the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

16. The LFC's Scheme of Governance states, inter alia, that:

"The Commissioner has adopted the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which sets out the core principles on which effective governance should be built. These are: ...

- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

17. The Chartered Institute of Public Finance and Accounting (CIPFA) published a new Financial Management (FM) Code which applied from 1 April 2020. The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial stability. A key message in relation to audit committees is included in the section of the FM Code on governance and financial management style, and states:

"All parts of the governance structure of an organisation play an important role, but the audit committee is a key component, providing independent assurance over governance, risk and internal control arrangements. It provides a focus on financial management, financial reporting, audit and assurance that supports the leadership team and those with governance responsibilities."

18. CIPFA's 2018 'Position Statement: Audit Committees in Local Authorities and Police' applies to all principal local authorities in the UK, the audit committees for PCCs and Chief constables in England and Wales, and the audit committees of fire and rescue authorities.

19. The proceedings of the Audit Committee proposals are consistent with the principles set out in that Statement.

List of Appendices

Appendix	Title	Protective Marking
1.	Minutes of Audit Committee	None



LONDON FIRE BRIGADE

MINUTES

AUDIT COMMITTEE

DATE	Thursday, 28 October 2021	TIME	2.00 pm
VENUE	Virtual		

Minutes of the proceedings of the meeting of Audit Committee held G-01 - Ground Floor, 169 Union Street, London SE1 0LL on Thursday, 28 October 2021

Present:

Marta Phillips OBE, Independent Member (Chair)
Kay Boycott, Independent Member
Martin Spencer, Independent Member

In Attendance:

Fiona Dolman, Transformation Director
Kathy Robinson, General Counsel
Andy Bell, Assistant Commissioner, Transformation
Adrian Bloomfield, Assistant Director, Finance
Janet Dawson, Partner, Ernst & Young LLP
Lindsey Heaphy, Head of Assurance and Audit MOPAC
Daniel Ingram, Interim Head of Risk and Assurance
Julian Martin, Chief Information Officer
Chloe Weaver, Assistant Manager, Government & Public Sector Assurance, Ernst & Young LLP
David Wyatt, Head of Information Management
Anna Flatley, Governance Manager

1. Apologies

Apologies were received from Seyi Obakin.
Apologies were also received from Fiona Twycross, Deputy Mayor for Fire and Resilience; Jo Moore, Director of Corporate Services; and Karen Mason, Internal Audit.

2. Declarations of Interest

Kay Boycott noted that she would join English Heritage's Board from January 2022.

Martin Spencer noted that he had been appointed as a Civil Service Commissioner.

It was noted that neither role was expected to arise in a conflict of interest with membership of the LFC Audit Committee.

3. Minutes of the Previous Meeting

The minutes of the meeting held on the 15 July were agreed as a correct record and the actions noted and updated as per the attached.

4. LFC Executive Summary of Current Events

The Director for Transformation gave a verbal update on current issues which the Committee then discussed.

Specific points raised included

- Initial consultation for the Community Risk Management Plan now closed and feedback would be shared once findings completed. Consultants were being appointed to support the next stage of the Target Operating Model work. A session for Members of the Committee on the Assessment of Risk would be arranged prior to finalisation.
- HMICFRS – This Inspection takes place between November and January. Detailed preparation was underway and this would include a survey of staff.
- Grenfell Tower Inquiry – Opening Statements of Module 6 were beginning and the LFC was due to give evidence on 2 December.
- Marauding Terrorist Attack (MTA) Response – The LFC has received a letter from Sir Tom Winsor, Her Majesty's Chief Inspector of Fire and Rescue Services concerning discussions between LFB and representative bodies about a new protocol which would help define firefighters' role during marauding terrorist attacks (MTAs).

The Chair then reported that she was chairing the selection panel for the Chair of the Culture Review which had been commissioned to undertake an independent review into the LFC's culture. The announcement for the appointment was imminent.

The Committee then discussed the agenda in general and noted that external facing reports presented a more positive view on the state of the LFC than internal discussions suggested was the case; and asked for an update. The concern was about getting the balance right in reporting achievements while acknowledging the issues that still needed to be addressed. Officers acknowledged this, noting the speed and depth in which the Transformation Delivery Plan was developed in the public arena. It was noted that considerable work was being undertaken to understand the workload and impact on sections of the staff of implementing the transformation, which was still at the beginning of its process, and could take five years to complete.

The Committee welcomed this update and stated that it as a Committee should be utilised to add value to this process where appropriate; and this should be factored into next year's work plan.

5. External and Internal Auditors Discussion

The Chair asked everyone except the Committee Members, Internal and External Auditors to leave the meeting to allow for a closed discussion; at the end of which attendees were invited to re-join the meeting.

On behalf of the Committee, the Chair was content that there were no issues to be discussed in the open meeting at this stage.

6. Statement of Accounts 2020/21

The Assistant Director, Finance introduced the report and noted that the External Audit had now been completed and the Accounts were published on time. The Committee welcomed

this, particularly in light of the problems encountered which had previously been discussed by the Committee.

The External Auditor then summarised their report, noting that post Commissioner's Board there had been some amendments to the accounts before they were signed off. These included on the pension valuation, and wording on the Value For Money statement. The Auditor drew attention to the Executive Summary at page 181 of the pack and confirmed that all significant risks had been addressed.

The Committee asked that in future every effort be made to ensure that the Audit Committee received the latest version.

The Committee then discussed the paper in detail and asked a number of questions of the External Auditor, including how they analysed any weaknesses on economy; efficiency and effectiveness. The External Auditors reported that they looked at the arrangements at the LFC against three domains i.e. financial, governance and effectiveness; and also the comments of the HMI. The Committee noted that some progress had been made in meeting the HMI recommendations but more was to be done.

The External Auditor acknowledged that whilst the budget arrangements worked for 2020/2021 there were risks for future budgets with a number of uncertainties on the horizon.

It was noted that the LFC's current external valuers contract was scheduled to come to an end soon and would need to be renewed and that this was being considered. The Committee stressed the need for objectivity from the valuers, noting that good practice requires rotation, whilst acknowledging the need for expertise also. The Committee asked that they be kept informed of developments.

The Committee noted that the External Auditor 5 year term was coming to an end and that a decision would be made in January whether to join the Public Sector Audit Appointments (PSAA) arrangements for the appointment of auditors from 2023/24.

The Committee then noted that the Annual Governance Statement highlighted positively the transformation work but did not detail where the resources were to do all this work. This was acknowledged and the work being undertaken on the Board structure to provide necessary assurance was noted.

The Audit Committee then noted the report.

7. Financial Position at the end of June 2021

The Assistant Director, Finance introduced the report and outlined the challenges encountered, which the Committee acknowledged and discussed.

The Committee raised a number of issues – specifically the significant forecast underspend on the Capital Programme. It was noted that the LFC had regular meetings with the Mayor's staff but capital was not a key focus at this point in time but would be discussed as part of the 2022/23 budget talks. It was noted that the Capital Programme had been funded for a number of years by capital receipts but this was coming to an end and external borrowing would need to be considered.

The Committee then discussed the challenge regarding the high level of vacancies, and how the financial and non-financial risks of this should be balanced. The Committee noted the

impact of the operational recruitment freeze and the challenge with regard to the retention and recruitment of quality FRS staff, particularly in fire safety. The Committee noted that prioritisation work was taking place on this matter but expressed concern and asked that an update for assurance purposes be provided to the next meeting of the Committee.

The Audit Committee then noted the report.

8. 2022/23 Mayor's Budget Guidance

The Assistant Director, Finance briefly introduced the report which set out the Mayor's budget guidance and the Committee noted that at its next meeting it would consider the final budget submission.

The Audit Committee then noted the report.

9. Internal Audit - Review of 2020/21

The Head of Internal Audit introduced the report by summarising the key points which the Committee then discussed. It was noted that the annual opinion of the effectiveness of the risk and internal control environment was adequate, whilst it noted that there was a need for improved capability and Programme Governance.

The Committee then discussed the report, noting the key theme of a need for more oversight of governance processes and measurement of outcomes. The Committee noted there had been a refresh of risks, and that internal audit provided part of the assurance process in addressing these risks.

Further to questions the Head of Internal Audit confirmed that Internal Audit looked at each risk and assurance area individually and it was a professional judgement whether it was adequate. She confirmed that if a theme was noticed this would be investigated further, and undertook to consider this with regard to policies and procedures.

The Committee sought clarification on the reference to a lack of independent members attending Commissioner's Board being addressed by them. The Head of Audit explained that the comment was simply about having independent assurance at Board level which the Committee now provides.

The Audit Committee then noted the report.

10. Corporate Red Risks Report

The Director for People provided an update on risk P3 Culture. He summarised the background and noted that an independent Chair was just about to be appointed for the Culture Review which the LFC had commissioned earlier in the year. It was noted that this was an extremely important piece of work. The Committee welcomed this and agreed that it should be included as a risk in the register, but noted that many of the actions were red and asked for an update. The Director noted that since reporting some of these had moved to amber and green; but noted that this would be a long journey, possibly 3-5 years and would take time to embed.

The Committee noted that the language used for risks was important and potentially for this new risk was paternalistic. Officers noted this and undertook to consider the wording further.

It was also noted that further mitigating actions could potentially be taken which would not lead to the target but may improve the position in the interim.

The Audit Committee then discussed other risks, specifically noting the move from amber to red for workforce planning and asked what steps were being taken to reverse that trend. The Committee noted that vacancies were a large part of this risk, noting the work being undertaken to both address and mitigate against this risk. It was noted that this was a significant and broad piece of work which the Committee would come back to.

The Audit Committee then noted the red risks report.

11. Statement of Assurance 2020/21

The Chair asked, due to time constraints, that any specific comments on this report from Members be provided to the Clerk by midday on Tuesday 2 November.

The Audit Committee then noted the report.

12. LFB Quarterly Performance Report Quarter 1 2021/22

The Audit Committee noted the performance report.

13. Information Requests (Data Protection & Freedom of Information) for 2020/21

The Head of Information Management introduced the report which regularly was reported to the Commissioner's Board, by highlighting the key figures. The Committee then discussed the report and noted that there had been an increase and complexity of FOI requests following Grenfell, particularly around fire safety. It noted that officers expected to clear all overdue requests by the end of the year. Officers noted that Electronic Disclosure Services (EDS) were embedded in Microsoft 365 which was being rolled out across the organisation, and which would be a useful tool. The Committee suggested further investigation of EDS specialist systems and collaboration across the GLA family might be useful. The Committee further stressed the need for training for staff.

The Audit Committee then noted the report.

14. Cyber Security

The Chief Information Officer introduced the report, noting that this was an ever increasing threat which had been placed on the risk register. He added that the report sets out policies to mitigate against this risk, but acknowledged that further steps were required. The Committee asked for further assurance that actions were being taken to deal with this threat, noting its role in the assuring actions and outcomes were tracked.

Further to discussion, the Committee suggested benchmarking against other organisations which dealt with sensitive information e.g. MOPAC, and noted the criticality of "business continuity" as well as clear plans on dealing with threats. It was noted that a desktop exercise had been planned for November this year; that officers collaborated across the civil service and was undertaking an IT health check.

The Audit Committee then noted the report.

15. Annual Monitoring of Health and Safety Performance

The Assistant Director, Health and Safety introduced the report, noting that this report dealt less with the management of Covid which had already been extensively reported on, and more on other Health and Safety measures.

The Committee welcomed the report and its risk based approach. It noted that there was a disproportionate number of injuries reported for female operational staff and it was confirmed this would be investigated further. It was also noted that further technology was being developed to improve near miss reporting.

The Audit Committee then noted the report and suggested an annual report to Audit was appropriate.

16. Any Other Business

There was no other business.

17. Dates of Future Meetings

The next meeting of the Audit Committee is scheduled for 2 December 2021 at 2pm.

The Audit Committee noted the meeting dates for 2022 as follows:-

3 March 2022 1 pm
12 May 2022 12.30 pm
14 July 2022 9.30 am
1 December 2022 12.30 pm

Anna Flaltery, Governance Manager
Clerk to Audit Committee
X 30080