



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**

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**SPECIAL PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE**

**THURSDAY 26 AUGUST 2021 @ 1500 HRS**

**BY CONFERENCE FACILITIES**

**PRESENT:**

Brian Baverstock, Chair (BB)  
Paul Stollard (PSt)  
Mhairi Wylie (MW)

Lesley Bloomer, Deputy Chair (LBI)  
Tim Wright (TW)

**IN ATTENDANCE:**

Martin Blunden (MB)  
Mark McAteer (MMcA)  
John Thomson (JTh)  
David Johnston (DJ)  
Pat Kenny (PK)  
Conor Healy (CH)  
Matthew Swann (MS)  
Kirsty Darwent (KD)  
Alasdair Cameron (AC)  
Heather Greig (HG)  
Debbie Haddow (DH)

Chief Officer  
Director of Strategic Planning, Performance and Communications  
Acting Director of Finance and Procurement  
Risk and Audit Manager  
External Audit (Deloitte)  
External Audit (Deloitte)  
Internal Audit (Azets)  
Chair of SFRS Board  
Group Commander Board Support  
Board Support Executive Officer  
Board Support/Minutes

**OBSERVERS:**

Ijaz Bashir, Asset Governance and Performance Manager

**1 CHAIR'S WELCOME**

- 1.1 The Chair opened the special meeting and welcomed those participating via conference facilities, in particular new Board Member Paul Stollard to his first Committee meeting.
- 1.2 The Committee were reminded to raise their hands, in accordance with the remote meeting protocol, should they wish to ask a question.
- 1.3 Direct public access to observe meetings was now available on request, however, meetings would continue to be recorded and published on the public website.

**2 APOLOGIES**

- 2.1 None

**3 CONSIDERATION OF AND DECISION ON ANY ITEMS TO BE TAKEN IN PRIVATE**

- 3.1 None

**4 DECLARATION OF INTERESTS**

- 4.1 None.

## 5 AUDIT DIMENSIONS AND BEST VALUE FOR THE YEAR ENDED 31 MARCH 2021

5.1 PK presented the report to the Committee for scrutiny and noted that this wider scope review was a key part of the dual responsibility of the Public Sector Audit Model in Scotland. The wider scope report covers financial management, financial sustainability, value for money, governance and transparency and concludes in a best value assessment. The report highlights several positive elements and also identifies areas of improvement.

5.2 CH informed the Committee of the key conclusions made from each element of the audit dimensions.

- Financial management:
  - Generally effective, however there were areas for improvement identified in how savings targets were set and plans to achieve savings, whether savings were being achieved and how they aligned with the requirements identified in the Medium Term Financial Model (MTFM) and Long Term Financial Strategy (LTFS) to enable management to understand what short-term decisions and actions were improving the long term financial position facing the service.
  - In terms of the budget, performance was generally effective, however, improvements were identified, such as setting out as part of the budget document the key assumptions, risks, progress against outcomes and links to longer term strategic document.
  - CH noted that Recommendation 1.7 (Financial Capacity), was not accepted by Management as this was considered an operational matter.
- Financial Sustainability:
  - At this stage, there was insufficient evidence to conclude whether the Service could achieve short-term financial balance in 2021/22.
  - Budget reporting style has continually altered since 2017/18 and resulted in an cumulative reduction of information being provided on savings and cost pressures which underpin the budget strategy.
  - Capital Programme could be enhanced to clarify how it links into the Asset Management Strategy and Long-Term Strategy thus ensuring awareness of potential impact on the resource budget and decision making processes.
  - Strong evidence of accurate capital budgeting, however the high-level reporting style to the Board does not provide assurance on individual projects being delivered within budget or timescales.
  - Long Term Financial Strategy should be linked to ongoing decision-making processes and reported against and have clear links to the MTFM, Capital Programme, Strategic Resourcing Plan and Budget.
- Governance and Transparency:
  - Effective leadership, governance and scrutiny.
  - Comprehensive suite of strategy, governance documents, however, linkage between the documents could be enhanced to help identify any impact on short term decision making/long term options.
  - Overall open and transparent organisation, however, earlier measures could have been taken to allow direct public access to Board meetings during Covid-19.
- Value for Money:
  - Recognition of the significant impact of Covid-19 on the organisation.
  - Clear and robust Performance Management Framework which was aligned to the National Performance Framework.
  - Increased benchmarking, as a national organisation, would enhance performance information.
  - Standardised performance reporting ie, trend analysis, narrative would help the presentation and production of this data.
  - The organisation has a considered and embedded approach towards equalities.
  - Sufficient arrangements to secure best value and continuous improvement, however improvements could be made to interim processes.

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- 5.3 The Committee requested and were provided with clarity on Recommendation 3.1 (Governance and Scrutiny Arrangements) which related to reliance on external bodies to identify areas of improvement.
- 5.4 As the Accountable Officer, MB noted the report which contained 28 recommendations, only one of which was not accepted. MB voiced his disappointment at the apparent difference in approach adopted for this audit, the judgemental tone/language used throughout the report and the time committed by management and the auditors during this process.
- 5.5 The Committee made the following general comments:
- In regard to the statement “*There is no reporting against the Training Strategy etc., Recommendation 2.10*”, the Committee commented on pejorative nature of the opinion being expressed, and requested clarification whether it would remain in the final report. CH noted the comment and agreed to review the phraseology, and amend as appropriate, prior to submission to Audit Scotland.
  - General acceptance with the areas for improvement and recommendations.
  - At times the tone and phraseology within the report was considered unnecessarily judgemental and inappropriate. Narrative within the report appears to be misaligned with the recommendations themselves.
  - The report would have benefited by clearer references to examples of best practice.
  - Clarity sought regarding the management’s response and/or actions directly addressing the recommendations.
  - The impact of Covid on the organisation before/during the audit and how the audit was undertaken on this occasion.
- 5.6 In response, PK confirmed his willingness to consider the tone and language within the draft report and amend, without diluting the message, as appropriate. PK reiterated his opinion that the report was not overtly critical and confirmed that the intention was always for this area be reviewed towards the end of their appointment. PK reminded the Committee of the role of an independent auditor was to undertake audits and provide an opinion based on their findings.
- 5.7 JT thanked Deloitte for the report and their willingness to accept earlier feedback and revisions to the document. JT acknowledged Deloitte’s independence and confirmed acceptance, with one exception (Recommendation 1.7), of all the recommendations. JT reiterated early comments regarding the narrative and noted that a greater level of engagement during the audit would have been beneficial. PK acknowledged that Covid had impacted the normal level of engagement between the audit team and SFRS staff.
- 5.8 Within the Management Responses, JT noted that the Service had attempted to provide an update on the current position as well as identifying how the actions would be progressed.
- 5.9 Recommendation 1.1 (Financial Reporting): JT noted that the current scrutiny processes were adequate, however, accepted the recommendation and that transparency of this process could be improved.
- 5.10 Recommendation 1.2 (Financial Reporting): JT confirmed that the budget would link to the Strategic Plan.
- 5.11 Recommendation 1.4 (Savings Plans): JT provided clarity on how efficiencies would be links into the MTFM and LTFS.

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- 5.12 Recommendation 1.6 (Savings Plans): JT noted that all efficiency savings would be tracked and presented to the Board to ensure full visibility. As per the recommendation, the Service would look to apply a RAG status rating.
- 5.13 Recommendation 1.8 (Financial Capacity): JT noted that the response allows flexibility to review the capacity/skills levels should this be necessary.
- 5.14 Recommendation 1.9 (Internal Audit): Accepted, however, it was noted that this was a known issue and was already being progressed. MS commented on the inaccuracy of the factual statement attributed to Azets (Internal Audit) within the report. CH to revise narrative as appropriate.
- 5.15 Recommendation 2.1 (Capital Planning & Asset Management): CH to revise narrative as appropriate. Consideration for management response to be revised to provide further clarity.
- 5.16 Recommendation 2.2 (Capital Planning & Asset Management): Consideration for management response to be revised to provide further clarity.
- 5.17 Recommendation 2.5 (Medium-to-Long Term Financial Planning): Consideration for management response to be revised to provide further clarity.
- 5.18 Recommendation 2.7 (Budget Setting): JT confirmed that the reporting style would be adjusted to improve transparency.
- 5.19 Recommendation 2.10 (Workforce Planning): CH confirmed that there was no specific issue with the management response.
- 5.20 Recommendation 3.1 (Governance and Scrutiny Arrangements): MMcA to review the management response to provide further clarity.
- 5.21 Recommendation 3.2 (Openness and Transparency): CH to review recommendation and MMcA to review the management response to provide further clarity.
- 5.22 Recommendation 4.1 (Performance Management Framework): MMcA confirmed that benchmarking was being progressed and would review the management response to provide further clarity.
- 5.23 Recommendation 4.2 (Performance Management Framework): Consideration for management response to be revised to provide further clarity.
- 5.24 Recommendation 4.3 (Performance Data): Accepted, standardised reporting would be developed.
- 5.25 JT informed the Committee that the revised target date for 2021/22 was reflective of the impact of Covid and the programme of reset, recovery and renew.
- 5.26 In summary, the Committee welcomed the opportunity to scrutinise and constructively discuss the report. The Committee noted the acceptance of 27 recommendations and that one recommendation which was not accepted. Given the high level of recommendations accepted by the Executive it is disappointing that there is such disagreement with large parts of the narrative in the body of the report.
- 5.27 The Committee agreed to provide further reflections on the report to PK in light of today's discussion

**ACTION: BB**

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5.28 The Committee requested that the responsible persons within the External Audit Action Plan give further consideration to the responses as detailed and to the recommendations ensuring complete clarity for the Committee and for the purpose of further scrutiny.

**ACTION: JT**

5.29 **The Chair thanked everyone for their contribution to a robust and constructive discussion.**

**6 REVIEW OF ACTIONS**

6.1 AC confirmed that 2 formal actions were recorded during the meeting.

**7 DATE OF NEXT MEETING**

7.1 The next meeting is scheduled to take place on Thursday 14 October 2021 at 1330 hrs.

7.2 There being no further matters to discuss the public meeting closed at 1710 hrs.