

**To: All Members of the Audit Committee
(and any other Members who may wish to attend)**



**J. Henshaw
LLB (Hons)
Clerk to the Authority**

Tel: 0151 296 4000
Extn: 4113 Kelly Kellaway

Your ref:

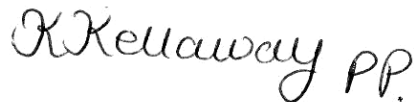
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Date: Date Not Specified

Dear Sir/Madam,

You are invited to attend a meeting of the **AUDIT COMMITTEE** to be held at **1.00 pm** on **THURSDAY, 14TH FEBRUARY, 2019** in the Liverpool Suite - Fire Service Headquarters.

Yours faithfully,



Clerk to the Authority

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MERSEYSIDE FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

14 FEBRUARY 2019

AGENDA

Members

James Roberts (chair)
Denise Allen, Knowsley Council
Anthony Boyle, Independent Person
Joe De'Asha, St Helens
Andrew Makinson
Chris Meaden, Wirral
James Roberts

1. Preliminary Matters

Members are requested to consider the identification of:

- a) Declarations of interest by individual Members in relation to any item of business on the Agenda
- b) Any additional items of business which the Chair has determined should be considered as matters of urgency; and
- c) Any items of business which may require the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

2. Minutes of the previous meeting (Pages 5 - 8)

The minutes of the previous meeting held on 27th September 2018, are submitted as a correct record and for signature by the Chair.

3. External Audit Progress Report - January 2019 (Pages 9 - 22)

To consider the attached report from the Authority's External Auditors – Grant Thornton, concerning the External Audit Progress Report at January 2019.

4. financial review 2018/19 - april to december (Pages 23 - 54)

To consider report CFO/004/19 of the Treasurer concerning the financial

position, revenue and capital, for the Authority for 2018/19. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances. This report covers the period April to December 2018.

5. INTERNAL AUDIT PROGRESS REPORT – APRIL TO DECEMBER 2018
(Pages 55 - 64)

To consider report CFO/005/19 of the Treasurer concerning the work of Internal Audit for the period April to December 2018.

6. CORPORATE RISK REGISTER SEPT-NOV 2018 UPDATE (Pages 65 - 116)

To consider report CFO/002/19 of the Chief Fire Officer concerning the current risks contained within the Corporate Risk Register, the status of the risks and associated control measures, including any updates for the period September 2018 to November 2018.

If any Members have queries, comments or require additional information relating to any item on the agenda please contact Committee Services and we will endeavour to provide the information you require for the meeting. Of course this does not affect the right of any Member to raise questions in the meeting itself but it may assist Members in their consideration of an item if additional information is available.

Refreshments

Any Members attending on Authority business straight from work or for long periods of time, and require a sandwich, please contact Democratic Services, prior to your arrival, for arrangements to be made.

MERSEYSIDE FIRE AND RESCUE AUTHORITY

27 SEPTEMBER 2018

MINUTES

Present: Cllr James Roberts (Chair) Councillors Anthony Boyle, Peter Brennan, Joe De'Asha and Andrew Makinson

Also Present:

Apologies of absence were received from:
Cllr Denise Allen and Cllr Chris Meaden

1. CHAIR'S ANNOUNCEMENT

Prior to the start of the meeting, information regarding general housekeeping was provided by the Chair to all in attendance.

The Chair confirmed to all present that the proceedings of the meeting would not be filmed.

The meeting was declared open.

2. Preliminary Matters

Members considered the identification of declarations of interest, any urgent additional items, and any business that may require the exclusion of the press and public.

Members resolved that:

- a) no declarations of interest were made by individual Members in relation to any item of business on the Agenda
- b) no additional items of business to be considered as matters of urgency were determined by the Chair; and
- c) no items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

3. Minutes of the Previous Meeting

The minutes of the last meeting of the Audit and Scrutiny Sub Committee, held on 7th June 2018, were approved as a correct record and signed accordingly by the Chair.

4. Annual Audit Letter 2017-18

Members considered the External Auditor, Grant Thornton, Annual Audit Letter 2017-18 that summarised their finding following the audit work carried out on the 2017/18 Statement of Accounts.

Grant Thornton had previously reported their draft findings to the Policy and Resources (P&R) Committee on 26th July 2018, as there were very minor issues still to finalise that have now been completed. Now that the work is complete the final Annual Audit Letter must be presented to members for their consideration. Grant Thornton have identified no additional issues since the P&R document and therefore have confirmed their unqualified opinion on the 2017/18 accounts and value for money conclusion.

Members were advised that the contents of the report have been discussed and agreed with management and there is nothing in the report that hasn't been seen before by the Authority. The report has been brought here for formal noting before it is made public.

Members resolved that:

The Annual Audit Letter 2017-18, be formally noted.

5. Financial Review 2018/19 April to June

Members considered report CFO/059/18 of the Chief Fire Officer, concerning the financial position, revenue and capital, for the Authority for 2018/19. The Authority receive regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances. This report covers the period April to June 2018.

Members were given an overview of the report highlighting the following:

- The revenue budget is consistent with the original budget at £59.7m and outlines the self-balancing adjustment actions in the first quarter.
- The approved revenue budget saving options are expected to be delivered on target.
- Members were advised of the implementation of the day crewing whole-time retained duty system at Wallasey and the City Centre. It was explained that Authority will continue to lobby Government to allow increased flexibility around the 2019-20 council tax increase from just under 3% or to £5. If this is approved and all other financial assumptions remaining consistent with the current financial plan, then the CFO will look at options for re-investing any available funds back into the front line services.
- The revenue spend is anticipated to be consistent with the budget.
- Amendments to the approved capital programme of just under £8m, of which £7.5m relates to the approved rephrasing of 2017-18 schemes into 2018-19

- The most notable adjustment made to the 5 year capital programme is an increase of £1.4m in the purchase of national assurance assets, which is 100% funded by the home office. Also a reduction of £1.1m in the planned spend of the period as a result of schemes slipping beyond the 5 year capital programme and some proposed reduction in ancillary fleet and operational equipment spend following a review by officers.
- A £3m increase in reserves in the first quarter of 2018/19 as a result of the re-phasing of planned spend on the new stations at St Helens and Saughall Massie into 2019/20.
- The performance of treasury management remains consistent with the approved 2018/19 strategy.
- At the end of June the Authority held investments of just over £21m. All investments are consistent with the improved investment strategy and within limit.
- No new loans have been taken out.

Members enquired about the credit rating of A- against Skipton Building Society investment and were informed that the credit rating is within the approved treasury strategy limits for the level of investment with that organisation, and A- remains a substantive credit rating.

Members asked for more information with regards to the six debtor accounts that have been approved for write-off under delegated powers. The Director of Finance outlined the reason for the write-off. One account was raised in error and the rest had a significant level of doubt over whether they met the conditions for a chargeable service or the relevant debtor was not known. Based on advice from litigation services it was recommended that the debts be written-off.

Members asked a question about the £900k increase in Fees and Charges income and where it had come from. Members were advised that most of the increase came from two bodies; the Merseyside Road Safety Partnership, £0.424m: and the Princes Trust, £0.415m. Members were informed that these are one off contributions that may be repeated in future years. Members then praised the work that MFRA do with the Princes Trust programmes.

Members enquired about the current council tax referendum limit. Members were informed that next year the Secretary of State has stated that an increase of just under 3% without a referendum will be allowed, which has been already been assumed in the current financial plan. Members were informed that the current Lobbying Strategy includes a provision to ask for an increase in this limit to £5 for 2019/20.

Members asked about the deletion of ancillary vehicles and if we would receive a financial gain from the deletion of these vehicles. Members were advised that the reduction in planned spend for 2018/19 – 2022/23 is only due to some purchases being re-phased beyond 2022/23.

Members resolved that:

- a) the contents of the report, be noted;
- b) the proposed revenue, capital and reserve budget alignments, be approved; and
- c) the Director of Finance continues to work with budget managers to maximise savings in 2018/19.

Close

Date of next meeting Thursday, 14 February 2019

Signed: _____ Dated: _____

Audit Progress Report and Sector Update

Merseyside Fire and Rescue Authority

28 January 2019



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Introduction



Paul Grady

Engagement Lead

T 0207 728 3196

M 07880 456183

E paul.d.grady@uk.gt.com



Jillian Burrows

Engagement Manager

T 0161 214 6302

M 07823 537375

E jillian.a.burrows@uk.gt.com

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at 28 January 2019

Financial Statements Audit

We have started planning for the 2018/19 financial statements audit and are due to commence our interim audit in February 2019. Our interim fieldwork visit is expected to include:

- an updated review of the Authority's control environment
- an updated understanding of financial systems
- a review of Internal Audit reports on core financial systems
- early work on emerging accounting issues, and
- early substantive testing.

We expect to issue our Audit Plan summarising our approach to the key risks on the audit in March 2019, when we will also report any findings from the interim audit to you.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

Audit guidance for value for money working in 2018/19 has now been issued and remains consistent with prior years. The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We have carried out our initial risk assessment to determine our approach and have not identified any risks in our Audit Plan being presented at this meeting. We will continue our review of your arrangements, including reviewing your Financial Monitoring Returns and Annual Governance Statement, before we issue our auditor's report.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion at the Policy and Resources Committee in July 2019.

Other areas

Engagement

Paul Grady has taken over as your Engagement Lead from January 2019.

Meetings

We are meeting with the Chief Finance Officer for the PCC and Chief Constable on 7 February 2019. As part of our engagement with you we will also set up meetings on an ongoing basis, as well as meeting with the PCC, Chief Executive and Chief Constable throughout the year and at key stages of the engagement cycle.

Meetings

We plan to meet with the Chief Fire Officer and s151 Officer in March. As part of our engagement with you we will also set up meetings on an ongoing basis, as well as meeting with the Chief Fire Officer throughout the year and at key stages of the engagement cycle

We will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

Our annual accounts workshop takes place early in 2019. We will be inviting key members of your finance team to this.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2018-19 financial statements.	March 2019	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment.	March 2019	Not yet due
Audit Findings Report The audit findings report will be reported to the July 2019 Audit Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	31 July 2019	Not yet due
Whole of Government Accounts return and assurance statement This will be completed once you have provided your final WGA return and we have issued our opinion on the financial statements.	August 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due

Sector Update

Local government finances are at a tipping point. Authorities are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

HMICFRS News

HMICFRS Inspection – summary of First Tranche

This is the first time that HMICFRS has inspected fire and rescue services across England. Their focus is on the service they provide to the public, and the way they use the resources available.

HMICFRS have inspected 14 services in the first tranche of inspections. Each inspection assesses how effective and efficient the service is, how it protects the public against fires and other emergencies and how it responds to the same. They also assess how well each service looks after the people who work there. Lancashire Combined Fire Authority was inspected in the first tranche of inspections

In carrying out inspections of fire and rescue services in England, HMICFRS have regard to the following main questions:

1. How effective is the fire and rescue service at keeping people safe and secure from fire and other risks?
2. How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks?
3. How well does the fire and rescue service look after its people?

The categories of graded judgement used are: outstanding, good, requires improvement and inadequate

Lancashire Combined Fire Authority was rated as 'outstanding' for promoting its values and culture. In all other areas, the Service was rated as 'good' with no areas that 'require improvement' in any of the 11 categories that were assessed

HMICFRS Inspection - Findings

Effectiveness

Overall, the HMICFRS judged ten services to be good and four as requiring improvement. In arriving at the overall judgment, they examined a range of operational practices, including: fire prevention; protection through regulation; emergency response; and responding to national risks.

Specifically, the HMICFRS has concerns in relation to protection through regulation where they have rated eight out of fourteen services as requiring improvement, and one as inadequate.

Efficiency

HMICFRS graded eight of the fire and rescue services they inspected as good for efficiency, five as requiring improvement, and they found one service to be inadequate. In arriving at this judgment, they considered how well the service uses resources to manage risks; and how well the service is using resources to ensure the service it provides is affordable now and in the future

The inspection showed that a large number of services were deploying staff to activities in the same way they always have, which may not be appropriate given new and emerging risks being faced, coupled with having fewer staff. Furthermore, they found that some fire services were using reserves without a longer-term sustainable funding plan in place,

People

Three services were graded as good at looking after the people who work for them; ten services were graded as requiring improvement, and one service was graded as inadequate. They considered how well services train, manage, treat and support the people who work for them

This was the area of greatest concern for the HMICFRS, as the inspection revealed a lack of diversity within fire services, as well as a large number of unreported instances of bullying. A recommendation that leaders take swift and sustained action to remedy these problems was made.

Creating and operating a successful fire trading company – A Grant Thornton report

How fire trading companies can combat austerity

In October 2018, Grant Thornton released a report which contained a study of fire trading companies (FTCs). In our latest study we have researched a range of FTCs, from those reported as being successful to lessons learned from those that have encountered challenges and ceased to trade.

Of the 48 fire and rescue services in England and Wales, only 31% have an FTC. In comparison, 60% of local authorities have at least one trading company. This could be attributed to several factors, such as a lack of willingness to trade; the restricted, specialist and competitive market in which FTCs operate; and the fact that some FTCs have ceased trading.

The report found that the most successful FTCs are not just financially sustainable but are also providing social value and wider benefit to their local communities. They tend to be larger companies who understand the commercial market in which they operate, are able to capitalise on their specialist skills and are looking for ways to expand and widen their activities.

The report goes on to consider some of the key success factors in running an FTC, including clarity on the rationale for setting up an FTC, ensuring sustainable income streams, creating the right culture, and establishing effective governance arrangements, amongst others.

The report also lists six case studies, which are all FTCs. Some of the successful FTCs are able to have more autonomy from the fire service in meeting their objectives, with ring fenced profits being able to be invested in community projects based on the objectives of the board of the FTC.

Some smaller FTCs also have significant impact on reducing the strain on the public purse, for example by providing training to delegates in improving fire safety and reducing risk

Case Study 5: Red One Ltd.

Included within the six case studies in the report is RedOne Ltd. The company was one of the first FTCs to be created, and provides fire and safety consultancy services.

The report makes reference to the reviews of management arrangements and governance framework over the last two years which have led to staff being recruited to work directly for the company rather than on secondment from the fire and rescue service, as was the case previously.

The report states that it is important to have an effective management structure for any company. Therefore it is a good idea to introduce people with a commercial background in senior management roles at the outset.

Furthermore, it is important to ensure that the market opportunity is well defined. In Red One's case, the opportunity has been identified as being closer to home rather than further afield. If there is a wider market to explore, this could be worth investing in and could require additional capacity for the required growth.

The full report can be accessed by clicking on the cover





Enabling Police and Crime Commissioners (PCCs) to sit and vote on Combined Fire and Rescue Authorities (FRAs)

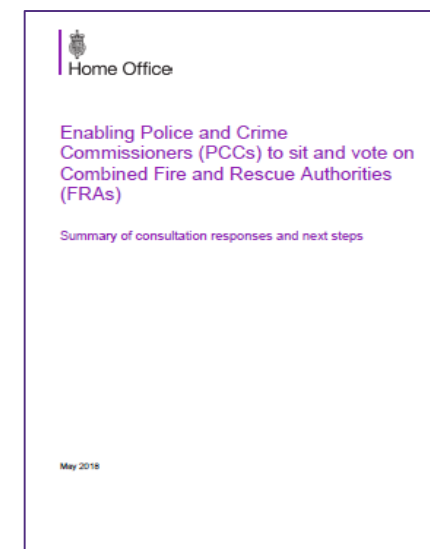
The Home Office has summarised the consultation responses and next steps in respect of the proposal to vary the combination schemes of Combined Fire and Rescue Authorities (FRAs).

The responses demonstrate strong support among those directly affected for implementing the provisions of the 'representation model', with 91% of affected Combined FRAs agreeing to the proposed amendments.

This consultation was about ensuring that Combined FRAs can appoint a PCC with voting rights, and that the same level of transparency applies to Combined FRAs as it does to County or Metropolitan FRAs. Having carefully considered the consultation responses, the Government has decided to vary the combination schemes of those Combined FRAs who have agreed to the proposed amendments. A negative statutory instrument (SI) will now be drafted to make these amendments and it is then expected to be laid before Parliament in the autumn.

This sets a clear expectation for opportunities for closer working and cooperation to be implemented and encourage collaboration in areas where a PCC does not take on responsibility for local fire and rescue services. It is expected that each affected FRA will now carefully consider a relevant PCC's membership request should it be made.

The full report can be accessed by clicking on the cover



Independent Review of Building Regulations and Fire Safety: final report

Commissioned by government following the Grenfell Tower fire to make recommendations on the future regulatory system, Dame Judith Hackitt's final report was published in May 2018. Its purpose is to make recommendations that will ensure we have a sufficiently robust regulatory system for the future and to provide further assurance to residents that the complete system is working to ensure the buildings they live in are safe and remain so. It is examining the building and fire safety regulatory system, with a focus on high-rise residential buildings.

In the report, Dame Hackitt states that it is essential that the industry works to implement a truly robust approach to building the increasingly complex structures in which people live. The key issues underpinning the system failure include:

- a) Ignorance** – regulations and guidance are not always read by those who need to, and when they do the guidance is misunderstood and misinterpreted.
- b) Indifference** – the primary motivation is to do things as quickly and cheaply as possible rather than to deliver quality homes which are safe for people to live in. When concerns are raised, by others involved in building work or by residents, they are often ignored. Some of those undertaking building work fail to prioritise safety, using the ambiguity of regulations and guidance to game the system.
- c) Lack of clarity on roles and responsibilities** – there is ambiguity over where responsibility lies, exacerbated by a level of fragmentation within the industry, and precluding robust ownership of accountability.
- d) Inadequate regulatory oversight and enforcement tools** – the size or complexity of a project does not seem to inform the way in which it is overseen by the regulator. Where enforcement is necessary, it is often not pursued. Where it is pursued, the penalties are so small as to be an ineffective deterrent.

Recommendations

The main recommendation as a result of this report is a new regulatory framework focused, in the first instance, on multi-occupancy higher risk residential buildings (HRRB); alongside a new Joint Competent Authority (JCA) comprising Local Authority Building Standards, fire and rescue authorities and the Health and Safety Executive to oversee better management of safety risks in these buildings (through safety cases) across their entire life cycle; as well as a mandatory incident reporting mechanism for dutyholders with concerns about the safety of a HRRB.

The report goes on to set out the changes necessary to achieve this new framework in more detail including chapters on building safety during design, construction, refurbishment and occupation, giving residents a voice, and creating a more robust and transparent construction products regime.

Whilst the recommendations in each chapter are crucial, in isolation they will fail to achieve the systemic change sought. The framework operates as a mutually reinforcing package and requires the implementation of its interdependent components in order for this to be achieved.

The report concludes that it is therefore important that government develops a joined-up implementation plan to provide a coherent approach to delivering the recommendations in this report.

The full report can be accessed by clicking on the cover



Public Sector Audit Appointments – Report on the results of auditors’ work 2017/18

This is the fourth report published by Public Sector Audit Appointments (PSAA) and summarises the results of auditors’ work at 495 principal local government and police bodies for 2017/18. This will be the final report under the statutory functions from the Audit Commission Act 1998 that were delegated to PSAA on a transitional basis.

The report covers the timeliness and quality of financial reporting, auditors’ local value for money work, and the extent to which auditors used their statutory reporting powers.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 431 (87 per cent) audited bodies received an audit opinion by the new deadline.

The most common reasons for delays in issuing the opinion on the 2017/18 accounts were:

- technical accounting/audit issues;
- various errors identified during the audit;
- insufficient availability of staff at the audited body to support the audit;
- problems with the quality of supporting working papers; and
- draft accounts submitted late for audit.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

The most common reasons for auditors issuing qualified VFM conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates, for example Ofsted;
- corporate governance issues;
- financial sustainability concerns; and
- procurement/contract management issues.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts.

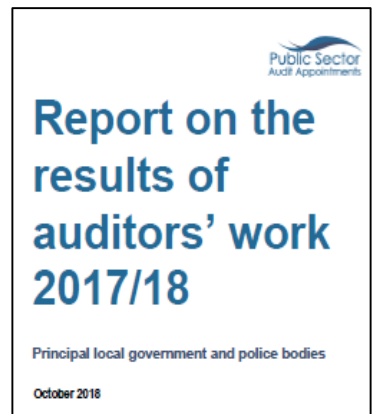
The report is available on the PSAA website:

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

PSAA Report

Challenge question:

Has your Organisation identified improvements to be made to the 2018/19 financial statements audit and Value for Money Conclusion?



National Audit Office – Local auditor reporting in England 2018

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the Comptroller & Auditor General (C&AG) took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors.

Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. External auditors have a key role in determining whether these arrangements are strong enough. The fact that only three of the bodies (5%) the NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses reported suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

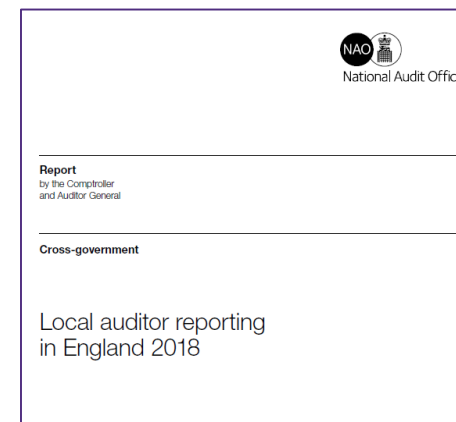
Qualified conclusions on arrangements to secure value for money locally are both unacceptably high and increasing. Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. As at 17 December 2018, auditors have yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18.

The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is too high. This is a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

Local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is serious, with trend lines pointing downwards.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>



NAO Report

Challenge question:

Has your Organisation responded appropriately to any concerns or issued raised in the External Auditor's report for 2017/18?



ICAEW Report: expectations gap

The Institute of Chartered Accountants in England and Wales (ICAEW) has published a paper on the 'expectation gap' in the external audit of public bodies.

Context:

The expectation gap is the difference between what an auditor actually does, and what stakeholders and commentators think the auditors obligations might be and what they might do. Greater debate being whether greater education and communication between auditors and stakeholders should occur rather than substantial changes in role and remit of audit.

What's the problem?

Short-term solvency vs. Longer-term value:

- LG & NHS: Facing financial pressures, oversight & governance pressures
- **Limited usefulness of auditors reports:** 'The VFM conclusion is helpful, but it is more about the system/arrangements in place rather than the actual effectiveness of value for money'
- **Other powers and duties:** implementing public interest reports in addition to VFM
- **Restricted role of questions and objections:** Misunderstanding over any objections/and or question should be resolved by the local public auditor. Lack of understanding that auditors have discretion in the use of their powers.
- **Audit qualification not always acted on by those charged with governance:** 'if independent public audit is to have the impact that it needs, it has to be taken seriously by those charged with governance'
- **Audit committees not consistently effective:** Local government struggles to recruit external members for their audit committees, they do not always have the required competencies and independence.
- **Decreased audit fees:** firms choose not to participate because considered that the margins were too tight to enable them to carry out a sufficient amount of work within the fee scales.
- **Impact of audit independence rules:** new independence rules don't allow for external auditors to take on additional work that could compromise their external audit role
- **Other stakeholders expectations not aligned with audit standards**

- **Increased auditor liability:** an auditor considering reporting outside of the main audit engagement would need to bill their client separately and expect the client to pay.

Future financial viability of local public bodies

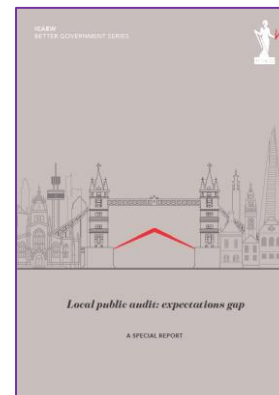
Local public bodies are being asked to deliver more with less and be more innovative and commercial. CFOs are, of course, nervous at taking risks in the current environment and therefore would like more involvement by their auditors. They want auditors to challenge their forward-looking plans and assumptions and comment on the financial resilience of the organisation..

The ICAEW puts forward two solutions:

Solution a) If CFO's want additional advisory work, rather than just the audit, they can separately hire consultants (either accountancy firms not providing the statutory audit or other business advisory organisations with the required competencies) to work alongside them in their financial resilience work and challenging budget assumptions.

Solution b) Wider profession (IFAC, IAASB, accountancy bodies) should consider whether audit, in its current form, is sustainable and fit for purpose. Stakeholders want greater assurance, through greater depth of testing, analysis and more detailed reporting of financial matters. It is perhaps, time to look at the wider scope of audit. For example, could there be more value in auditors providing assurance reports on key risk indicators which have a greater future-looking focus, albeit focused on historic data?

More information can be found in the link below (click on the cover page)



The expectations gap

Challenge question:

How effectively is the audit meeting client expectations?



MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUDIT COMMITTEE		
DATE:	14 FEBRUARY 2019	REPORT NO:	CFO/004/18
PRESENTING OFFICER	DIRECTOR OF FINANCE		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP TEAM		
TITLE OF REPORT:	FINANCIAL REVIEW 2018/19 - APRIL TO DECEMBER		

APPENDICES:	APPENDIX A1:	REVENUE BUDGET MOVEMENTS SUMMARY
	APPENDIX A2:	FIRE AND RESCUE SERVICE REVENUE BUDGET MOVEMENTS
	APPENDIX A3:	CORPORATE SERVICE REVENUE BUDGET MOVEMENTS
	APPENDIX A4:	BUDGET MOVEMENTS ON RESERVES
	APPENDIX B:	CAPITAL PROGRAMME 2018/19
	APPENDIX C:	APPROVED AUTHORITY CAPITAL PROGRAMME 2018/19 – 2022/23

Purpose of Report

1. To review the financial position, revenue and capital, for the Authority for 2018/19. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority’s finances. This report covers the period April to December 2018.

Recommendation

2. That Members;
 - a) Approve an increase in the Minimum Revenue Provision (MRP) payment of £1.850m funded from the forecast revenue savings identified in this report, and
 - b) Instruct the Director of Finance to continue to work with budget managers to maximise savings in 2018/19, and
 - c) Approve that any additional savings identified before the year-end be used to increase MRP, as part of a strategy to free-up future debt servicing budget to reinvest in frontline service.
 - d) Approve the amendments to the capital programme, and
 - e) Note the current planned use of approved reserves.

Executive Summary

Revenue:

The Authority has a detailed medium-term financial plan. The key elements of this are:-

- To continue with its modernisation programme and deliver the Authority's Mission of achieving Safer Stronger Communities – Safe Effective Firefighters
- To deliver the required savings through efficiencies, most of which are employee related, whilst minimising the impact of the cuts.

The Authority is on target to deliver the approved 2018/19 budget savings and is progressing well with the required structural changes in its workforce in order to maintain the required savings on a permanent basis.

The Authority has a strategy of maximising and delivering its savings plan as early as possible in order to fund increases in reserves or other initiatives that would act as a hedge against future financial challenges. Overall this report has identified that as a result of savings being delivered ahead of the planned target date, new one-off savings, and additional income this report has identified a £1.850m favourable revenue forecast. Members are asked to approve utilising this saving to fund an increase in the minimum revenue provision, MRP, in order to pay historic debt commitments early. By increasing the MRP payment the intention is to free-up future debt servicing revenue budget and re-invest it in frontline services or use it to meet any future financial challenges.

The total budget requirement remains at the original budget level of £59.701m. Appendix A1 – A4 outline in detail all the revenue budget and reserve movements between April and December.

Capital:

The capital programme planned spend has increased by £3.123m as the result of an increase in the TDA refurbishment scheme of £3.500m (CFO/079/18), a reduction in planned vehicle spend of £0.672m and increased or new schemes of £0.295m. The revised Capital Programme is outlined in Appendix B and C.

Reserves & Balances:

The general balance remains unchanged at £2.000m. All movements in committed reserves are outlined in Appendix A4.

Treasury Management:

No new long term borrowing has been arranged and the Authority has continued its policy of reducing investments and only taking short term borrowing to cover cash flow requirements

Introduction and Background

3. The purpose of this report is to enable the Authority to monitor its income and expenditure levels against its budget on a regular basis throughout the year to ensure effective financial management.
4. This report is the review of the Authority's position up to the end of December of the financial year 2018/19 (April – December 2018).
5. In order to ensure that the financial reviews provide a regular and effective financial health check on all aspects of the Authority's finances the following structure has been adopted.

<u>Financial Review Structure</u>	
<u>Section</u>	<u>Content</u>
A	Current Financial Year Review (Revenue Budget, Capital Programme and movement on Reserves)
B	Treasury Management Review

(A) Current Financial Year – 2018/19

6. The purpose of the financial review report is to provide Members with an assurance that the approved budget remains robust and that the current forecast of expenditure can be contained within the available resources. If actual expenditure or income for the year is inconsistent with the current budget then the report will, if necessary, identify the appropriate corrective action.

Revenue Position:

7. Budget Movements: There have been a number of budget adjustments in the quarter but they have had no impact on the "bottom-line" as they are either self-balancing virements within department budgets or budget adjustments financed by reserves in line with previously agreed Authority decisions.
8. A drawdown from reserves of £0.795m, of which £0.739m was to fund planned spend on the new Saughall Massie fire station and £0.021m for new energy conservation schemes. The balance related to funding planned spend on equipment, training and clothing.
9. Budget virements (adjustments between budget lines), of which £0.417m related to the virement between the inflation contingency to cover pay and non-pay inflation costs.

10. Appendix A1 – A4 attached to this report summarises the movements in the revenue budget. The net budget requirement remains at £59.701m which is consistent with the original budget.
11. Update on Budget Savings Implementation: the **approved pre 2016/17 savings**, totalling £25.597m, are being delivered as expected. However, the structural establishment changes required as part of the station merger initiative will not be formally implemented until the new fire stations at Saughall Massie and St Helens have been built. Saughall Massie station should be completed by the end of 2018/19. The required firefighter saving is being delivered in cash terms as the reduction in the number of firefighters has been achieved.
12. **The 2016/17, 2017/18 & 2018/19 Budget approved savings plan** (equating to £9.216m by 2018/19, rising to £12.008m by 2019/20 and £13.038m by 2022/23), included:-
 - efficiency savings of £8.832m by reducing management and support services costs,
 - a known or anticipated £2.306m increase in the council tax base that the plan assumed is permanent,
 - an unavoidable reduction of £1.900m from the operational response budget in order to balance the financial plan.

All non-operational 2018/19 saving options in the current plan have been successfully implemented.

The operational response saving required the budgeted whole-time equivalent (WTE) firefighter establishment to reduce from 669 to 620. The phasing of the saving, (to be delivered by the end of 2018/19), mirrored the anticipated firefighter retirement rates and therefore avoided the need for compulsory firefighter redundancies. The reduction in the firefighter establishment has meant the Authority has had to review its crewing duty systems aligned to demand. Following extensive public consultation as part of the Integrated Risk Management Plan update for 2017-2020, the Authority approved a change in the crewing systems at Aintree, Crosby, Eccleston, Kensington, Liverpool City Centre and Wallasey Fire Stations from full time cover to day crewing whole-time retained duty system (DCWTR) stations. The CFO has committed to maintain night time cover from Liverpool City Centre and Wallasey into the fourth quarter of 2018/19. This cover will be provided by dynamically managing existing staff resources and if necessary the use of part time / secondary contracts / overtime.

13. Actual expenditure in comparison to Revenue Budget: The Authority is concerned that any future Government may continue to reduce the level of Government support in real terms post 2019/20. It therefore has directed the Chief Fire Officer to maximise savings in the year to accommodate options to assist with any future challenge. In recent years this meant using these savings to contribute towards the building up of reserves as a hedge against the future financial challenges or to meet one-off expenditure such as capital infrastructure investment. In addition any identified savings could be used to increase the planned minimum revenue provision (MRP) payment so that future debt servicing budget may be freed-up to

fund additional investment in frontline services or contribute to any future financial saving challenge.

After reviewing spend up to the end of December 2018 Officers have identified the following savings:

Employee Costs;

Employee costs make-up approximately 75% of the Authority's revenue budget and is the most risk critical area of the financial plan. As a result these costs are monitored extremely closely.

Firefighter retirements are slightly ahead of the forecast profile adopted for the financial strategy resulting in a forecast £0.500m favourable variance against the £30.334m budget.

Control and non-firefighter employee vacancies arising from staff turnover in the year has resulted in a forecast £0.350m saving on the £12.012m budget.

Other Non-Employee Revenue Costs;

The current approved medium term financial plan assumes a £0.426m saving from support services with effect from 2019/20. The strategic leadership team (SLT) have identified the required saving areas and have implemented the required saving during the year in order to deliver the savings at the earliest opportunity. As a result a £0.400m saving is forecast.

Contingency for 2018/19 Pay & Price Increases;

Members will recall that the budget assumed a 2% pay bill increase in 2018/19 and future years. The non-uniform staff have accepted a 2% pay award for 2018/19 and 2019/20, but a significant risk exists around the 2017/18 – 2019/20 firefighters award that has yet to be settled. The National Joint Council (NJC) agreed to pay a 2% uplift in firefighter pay rates from July 2018 (they had previously agreed to a 1% uplift from July 2017). However, the 2017/18 and 2018/19 firefighter pay award has yet to be agreed. Any settlement above the 2% assumed for 2017/18 to 2019/20 would require the Authority to identify additional permanent savings (approximately £0.3m for each additional 1%), as part of a future budget making process.

Officers are continuing to control the allocation of non-employee inflation. In the first instance any inflationary pressure is expected to be absorbed from within the relevant budget line. The current medium term financial plan assumes non-pay inflation savings will increase over the coming years as a result of this strategy. The latest forecast has identified savings on non-employee lines are ahead of schedule resulting in a favourable forecast of £0.296m.

The Director of Finance is continuing to work with budget holders to maximise savings in 2018/19.

14. Summary of Revenue Forecast Position: The Authority has made good progress in implementing the approved budget saving options and required organisational structure changes.

As expected the implementation of all of the approved station merger proposals have yet to be formally concluded, therefore the required budgetary structural changes remain outstanding. However, as Firefighter retirements remain as expected the Service continues to deliver in “cash” terms the required saving target.

Overall the latest forecast has identified a revenue saving of £1.850m. Members are asked to approve the utilisation of this saving to fund an increase in the minimum revenue provision (MRP) so that future debt servicing budget may be freed-up to fund additional investment in frontline services or contribute to any future financial saving challenge. In addition Members approve that any further savings identified before the end of 2018/19 be used to make additional MRP payments. Table B summarises the revenue year-end forecast position based on spend to the end of December 2018:

Table B: Anticipated Year-End Revenue Position

	FIRE SERVICE BUDGET	Fire Authority	NRAT	TOTAL BUDGET	ACTUAL as at 31.12.18	FORE-CAST	VARI-ANCE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Employee Costs	45,036	395	1,761	47,192	34,058	46,342	-850
Premises Costs	2,758			2,758	2,016	2,758	0
Transport Costs	1,381		5,880	7,261	5,259	7,261	0
Supplies and Services	4,175	53	1,628	5,856	2,827	5,456	-400
Agency Services	6,040	0	780	6,820	4,849	6,820	0
Central Support Services	436	41	250	727	453	727	0
Capital Financing	9,818	0	0	9,818	0	9,818	0
Income	-8,171	0	-10,299	-18,470	-16,934	-18,774	-304
Net Expenditure	61,473	489	0	61,962	32,528	60,408	-1,554
Contingency Pay&Prices	504			504	0	208	-296
Cost of Services	61,977	489	0	62,466	32,528	60,616	-1,850
Interest on Balances	-172			-172	-112	-172	0
Movement on Reserves	-2,593			-2,593	0	-2,593	0
Total Operating Cost	59,212	489	0	59,701	32,416	57,851	-1,850

The Director of Finance is continuing to work with budget holders to maximise savings in 2018/19 and will report in more detail in future financial reviews.

Capital Programme Position:

15. The last financial review report (CFO/073/18) approved a 5 year capital programme worth £43.266m. This has now been updated for scheme additions and changes during quarter 3 of £3.123m, which are summarised in the table below:

Movement in the 5 Year Capital Programme						
	Total Cost	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Amendments to Approved Schemes;						
Re-phasing of Schemes	0.0	-2,988.3	2,038.3	805.0		145.0
Increase in Saughall Massie FS Build	134.0	134.0				
TDA increase (CFO/079/18)	3,500.0			3,500.0		
ICT - ESMCP Remedial Works	137.7	137.7				
Energy Conservation Schemes (Salix)	21.0	21.0				
New ICT schemes funded by Revenue	2.0	2.0				
Reduction in planned spend (vehicles)	-671.7	-373.1			370.0	-668.6
	3,123.0	-3,066.7	2,038.3	4,305.0	370.0	-523.6
Funding						
Reserves						
Increase in Saughall Massie FS Build	134.0	134.0				
Rephasing Saughall Massie FS Build	0.0	605.2	-605.2			
TDA increase (CFO/079/18)	3,500.0			3,500.0		
Revenue Contribution to Capital Outlay(RCCO)						
ESMCP works funded by revenue grant	137.7	137.7				
Energy Conservation Schemes (Salix)	21.0	21.0				
New ICT equipment	2.0	2.0				
External Contributions						
St Helens FS Transformation Grant re-phasing	0.0	405.0	-405.0			
NRAT National Resilience Grant rephasing	0.0	-1,250.0	1,250.0			
Capital Receipts						
Rephasing	0.0	-1,175.0	1,175.0			
Borrowing						
Rephasing impact	0.0	-1,573.5	623.5	805.0	0.0	145.0
Reduction in planned vehicle spend	-671.7	-373.1			370.0	-668.6
	3,123.0	-3,066.7	2,038.3	4,305.0	370.0	-523.6

16. The net increase in total planned spend is being funded by specific non-borrowing funding and the actual level of required borrowing has fallen by £0.672m in the quarter as a result of a reduction in planned spend funded by borrowing. Details of the planned changes in quarter 3 are outlined below:

- Following a review of the 2018/19 programme officers have now revised the timing of actual spend and have re-phased £2.988m from 2018/19 into future years. The most significant re-phasing related to:-
 - National Resilience Assurance Team / National Asset Refresh- £1.250m re-phasing. The Authority acts on behalf of the Home Office to co-ordinate and procure the approved asset refresh, however ultimately the procurement of assets has to be signed-off by the

Home Office. Until the HO are satisfied the correct assets have been identified no procurement can take place. Delays in getting agreement on the specific replacement assets has delayed likely spend until 2019/20.

- Bulk Foam Equipment, £0.120m, and POD Equipment, £0.113m, re-phasing – A review of POD equipment is currently being carried out and this will influence the specification around the type of bulk foam equipment and PODs. Until this review has been concluded no spend can be authorised.
 - Special Vehicles, £0.985m slippage – a review is currently being undertaken to determine what future special vehicles are required by the Service. The review is expected to be completed in the next couple of months and the procurement of these assets will then commence.
 - Technical refresh and upgrade for Control's computer aided despatch, £0.138m slippage – officers are unlikely to complete the due diligence work on the offer from Capita in time to complete the scheme before the end of this year.
 - Delays in ICT network and equipment refresh as a result of giving other projects higher priority will see £0.140m re-phased into 2019/20.
 - Other £0.242m – various ICT, operational equipment and miscellaneous vehicles slippage.
- An increase in the planned TDA refurbishment scheme of £3.500m as reported to the Policy and Resources Committee on 13th December 2018, CFO/079/18. The increase is being funded from the capital investment reserve.
 - Saughall Massie – increase in scheme costs of £0.134m due to required United Utilities manhole diversions and changes to the tower foundation design. These additional costs will be funded from the capital investment reserve.
 - ESMCP Remedial works of £0.138m are required for current radios and other equipment as the ESMCP project will not be activated until longer than expected, 2022? The cost of this work will be funded by a Government grant.
 - Salix is a form of Government funding that pump prime's public capital investment that delivers energy efficient schemes that then repay Salix. A scheme to install additional energy saving works for LED lighting at a number of stations at a cost of £0.021m has been approved and will be managed by the Estates Department and has now been built into the current capital programme.
 - Officers have reviewed the vehicle 5 year programme and amended the programme in terms of vehicle type for cars/vans/boat and removed 2 appliances and 7 officer response vehicles from 2022/23 and slipped them into future years. Overall the change to the 5 year programme is -£0.672m

- A number of small increases to the ICT programme have been built into the latest capital budget and are being funded from revenue, £0.002.
17. Overall the revised capital programme has increased by £3.123m. The revised detailed capital programme is attached as Appendix B (2018/19 Capital Programme) and Appendix C (2018/19–2022/23 Capital Programme) to this report for Members information.

Use of Reserves:

18. The analysis in Appendix A4 outlines a 2018/19 £0.795m movement from reserves to the revenue budget in quarter 3. Of this, £0.739m is to cover the additional Saughall Massie costs of £0.134m and the re-phasing of £0.605m of works for Saughall Massie back from 2019/20 to 2018/19. £0.021m is to fund the LED lighting works, identified in paragraph 16 above. The balance, £0.035m relates to planned spend on equipment, training and clothing funded from the relevant reserves.
19. Committed reserves reached a peak at the end of 2016/17 at £29.9m they have now reduced by 23% or £6.8m to 23.1m and are expected to go below £17m by the end of 2019, and less than £5m by the end of 2021/22.
20. The CFO is reviewing the current reserves in order to identify ways in which the Authority can reduce historic debt levels in order to protect, and if possible grow, its operational establishment numbers in light of previous cuts or in order to protect against any further government funding reductions in 2020/21 and beyond (IRMP Proposals considered at Budget Strategy Day 2019).
21. The general revenue reserve has remained unchanged at £2.000m or 3% of the budget.

(B) Treasury Management

22. The Authority continues to “buy in” Treasury Management from Liverpool City Council. The following paragraphs reflect Treasury Management activities in the period October to December 2018.

23. Prospects for Interest Rates;

In the third quarter of 2018/19 the Bank of England Monetary Policy Committee (MPC) held the base rate at 0.75%. This followed the first increase in the base rate above 0.5%, at its meeting on 2 August 2018, since the base rate was reduced to the historically low level in Mar 2009 as part of the monetary policy response to the financial panic of 2008.

The final quarter of 2018 saw considerable volatility in global equity markets and many market commentators are predicting further disruption for 2019. The markets have faced a number of headwinds ranging from fears over the impact of escalating trade wars, to the withdrawal of accommodative central bank monetary policy. The European Central Bank has now ended the purchase of new securities

as part of its quantitative easing programme and the Federal Reserve in the USA is reducing the size of its balance sheet by not reinvesting maturing securities, a process known as quantitative tightening. Given the current monetary policy environment, some market commentators have expressed a negative outlook for the resulting impact on liquidity and asset prices.

Against this backdrop of volatility in the equity markets, PWLB rates and gilt yields have continued to fluctuate. Long Term PWLB rates peaked during the quarter at 2.99% before falling sharply to a low of 2.59%, a spread of 40 bps in a relatively short period of time. The 50 year PWLB rate ended the quarter at 2.69%.

The strategy indicated that the overall structure of interest rates whereby short term rates are lower than long term rates was expected to remain throughout 2018/19. In this scenario, the strategy would be to reduce investments and borrow for short periods and possibly at variable rates when required.

24. Capital Borrowings and the Portfolio Strategy;

The borrowing requirement comprises the expected movements in the Capital Financing Requirement and reserves plus any maturing debt which will need to be re-financed. The Authority does not envisage that any new long term borrowing will be required in 2018/19. Current market conditions continue to be unfavourable for any debt rescheduling.

25. Annual Investment Strategy;

The investment strategy for 2018/19 set out the priorities as the security of capital and liquidity of investments. Investments are made in accordance with DCLG Guidance and CIPFA Code of Practice. Investments are made in sterling with an institution on the counterparty list.

Extreme caution has been taken in placing investments to ensure security of funds rather than rate of return. The use of deposit accounts with highly rated or nationalised banks and AAA rated money market funds has enabled reasonable returns in a low interest rate environment. In the period 1st Oct to 31 Dec 2018 the average rate of return achieved on average principal available was 0.83%. This compares with an average seven day deposit (7 day libid) rate of 0.58%.

The credit ratings and individual limits for each institution within the categories of investments to be used by the Authority in 2018/19 are as follows:

UK Government (including gilts and the DMADF)	Unlimited
UK Local Authorities (each)	Unlimited
Part Nationalised UK banks	£4m
Money Market Funds (AAA rated)	£3m
Enhanced Money Market (Cash) Funds (AAA rated)	£3m
UK Banks and Building Societies (A- or higher rated)	£2m
Foreign banks registered in the UK (A or higher rated)	£2m

The Authority had investments of £29.4m as at 31st December 2018: (overleaf)

ANALYSIS OF INVESTMENTS END OF QUARTER 3 2018/19

Institution	Credit Rating	MM Fund*	Bank / Other	Building Society	Local Authority	Average Interest
		£	£	£	£	%
Aberdeen Global	AAA	1,400,000				0.58
Federated Investors UK	AAA	3,000,000				0.68
Close Brothers	A		2,000,000			1.15
Goldman Sachs	A		2,000,000			0.89
Santander UK	A		2,000,000			0.85
Sumitomo/SMBCE	A		2,000,000			0.83
Cumberland BS				1,000,000		0.78
Newcastle B Soc				1,000,000		0.93
Nottingham B Soc				1,000,000		0.90
Principality B Soc				1,000,000		0.96
West Bromwich B Soc				1,000,000		0.96
Gwent BC					1,000,000	0.80
Highland Council					2,000,000	0.96
Lancashire CC					2,000,000	1.05
North Lanarkshire DC					2,000,000	1.05
Slough BC					3,000,000	0.85
South Cambridgeshire DC					2,000,000	0.75
Totals		4,400,000	8,000,000	5,000,000	12,000,000	0.88
Total Current Investments					29,400,000	

*MM Fund - Money Market Funds -these are funds that spread the risk associated with investments over a wide range of credit worthy institutions.

26. External Debt Prudential Indicators;

The external debt indicators of prudence for 2018/19 required by the Prudential Code were set in the strategy as follows:

Authorised limit for external debt: £74 million
Operational boundary for external debt: £57 million

Against these limits, the maximum amount of debt reached at any time in the period 1 October to 31 December 2018 was £38.8 million.

27. Treasury Management Prudential Indicators;

The treasury management indicators of prudence for 2018/19 required by the Prudential Code were set in the strategy as follows:

a) Interest Rate Exposures

Upper limit on fixed interest rate exposures: 100%
Upper limit on variable interest rate exposures: 50%

The maximum that was reached in the period 1 October to 31 December 2018 was as follows:

Upper limit on fixed interest rate exposures: 100%
Upper limit on variable interest rate exposures: 0%

b) Maturity Structure of Borrowing

Upper and lower limits for the maturity structure of borrowing were set and the maximum and minimum that was reached for each limit in the period 1 October to 31 December 2018 was as follows: -

Maturity Period	Upper Limit	Lower Limit	Maximum	Minimum
Under 12 months	50%	0%	4%	2%
12 months and within 24 months	50%	0%	0%	0%
24 months and within 5 years	50%	0%	9%	9%
5 years and within 10 years	50%	0%	0%	0%
10 years and above	90%	0%	89%	87%

c) Total principal sums invested for periods longer than 364 days.

The limit for investments of longer than 364 days was set at £2 million for 2018/19. A £1m investment for 365 days was placed during the third quarter of 2018/19.

Equality and Diversity Implications

28. There are no equality and diversity implications contained within this report.

Staff Implications

29. There are no staff implications contained within this report.

Legal Implications

30. There are no legal implications directly related to this report.

Financial Implications & Value for Money

31. See Executive Summary.

Risk Management, Health & Safety, and Environmental Implications

32. There are no Risk Management, Health & Safety and Environmental implications directly related to this report.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

33. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's Mission.

BACKGROUND PAPERS

CFO/004/18 "MFRA Budget and Financial Plan 2018/2019-2022/2023" Authority 22nd February 2018.

CFO/059/18 "Financial Review 2018/19 – April to June" Audit Committee 27th September 2018.

"Financial Review 2018/19 – April to September" Policy and Resources Committee 13th December 2018.

GLOSSARY OF TERMS

ESMCP Emergency Services Mobile Communications Programme – A Government programme to deliver the new Emergency Services Network (ESN) critical communications system. This will replace the current Airwave service used by the emergency services in Great Britain.

CIPFA Chartered Institute of Public Finance and Accountancy

MRP Minimum Revenue Provision. Under the Local Authorities and Accounting Regulations the Authority is required to set aside a sum of money each year to reduce the overall level of debt, this sum is known as the Minimum Revenue Provision (MRP).

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2018/19 REVENUE BUDGET MOVEMENT SUMMARY

Actual 2017/18	SERVICE REQUIREMENTS	Base Budget 2018/19	Qtr 1 Budget 2018/19	Qtr 2 Budget 2018/19	Reserve Draw- down	Virements	Qtr 3 Budget 2018/19
£'000		£'000	£'000	£'000	£'000	£'000	£'000
63,330	Fire Service	61,833	59,157	60,261	795	417	61,473
480	Corporate Management	510	514	489	0	0	489
0	NRAT MFRS Lead Authority (Budget Neutral)	0	0	0	0	0	0
0	2017 - 18 New Dynamic Staff Saving	0	0	0	0	0	0
63,810		62,343	59,671	60,750	795	417	61,962
0	Contingency for Pay/Price Changes	1,915	1,526	921	0	-417	504
63,810	TOTAL SERVICE EXPENDITURE	64,258	61,197	61,671	795	0	62,466
-177	Interest on Balances	-172	-172	-172	0	0	-172
63,633	NET OPERATING EXPENDITURE	64,086	61,025	61,499	795	0	62,294
	<u>Contribution to/(from) Reserves:</u>						
	Emergency Related Reserves						
159	Insurance Reserve	0	0	0	0	0	0
	Modernisation Challenge						
-175	Smoothing Reserve	-298	-298	-298	0	0	-298
-178	Ill Health Penalty Reserve	0	0	0	0	0	0
-100	Recruitment Reserve	0	0	0	0	0	0
0	Invest to Save / Collaboration Reserve	-329	-329	-329	0	0	-329
	Capital Investment Reserve						
25	PFI Reserve	0	0	0	0	0	0
-2	FMIS Reserve	0	0	0	0	0	0
-25	TDA Refurbishment Reserve	0	0	0	0	0	0
-4,294	Capital Investment Reserve	-3,707	-646	-971	-739	0	-1,710
-77	PFI Annuity Reserve	-91	-91	-91	0	0	-91
	Specific Projects						
4	Community Sponsorship Reserve	0	0	0	0	0	0
46	Equipment Reserve	0	0	-8	-5	0	-13
0	Training Reserve	0	0	0	-7	0	-7
-5	Healthy Living / Olympic Legacy	0	0	0	0	0	0
200	Inflation Reserve	0	0	0	0	0	0
142	Clothing / Boots Reserve	0	0	0	-23	0	-23
	Ringfenced Reserves						
29	Princes Trust Reserve	0	0	0	0	0	0
5	Community Risk Management Reserve	0	0	0	0	0	0
9	Energy Reserve	40	40	-101	-21	0	-122
92	New Dimensions Reserve	0	0	0	0	0	0
-4,143	Movement in Reserves	-4,385	-1,324	-1,798	-795	0	-2,593
59,490	BUDGET REQUIREMENT	59,701	59,701	59,701	0	0	59,701
-32,522	Settlement Funding Assessment	-31,502	-31,502	-31,502	0	0	-31,502
-167	Collection Fund Deficit	-253	-253	-253	0	0	-253
-26,801	Precept Income	-27,946	-27,946	-27,946	0	0	-27,946
-59,490	BUDGET FUNDING	-59,701	-59,701	-59,701	0	0	-59,701

2018/19 FIRE SERVICE REVENUE BUDGET MOVEMENT

Actual 2017/18	SERVICE REQUIREMENTS	Base Budget 2018/19	Qtr 1 Budget 2018/19	Qtr 2 Budget 2018/19	Reserve Draw- down	Virements	Qtr 3 Budget 2018/19
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	EMPLOYEES						
	Uniformed						
28,420	Firefighters	27,897	27,917	28,333		-28	28,305
1,248	Control	1,311	1,311	1,311		20	1,331
2,603	Additional Hours	1,894	1,894	1,974		55	2,029
32,271	TOTAL UNIFORMED	31,102	31,122	31,618	0	47	31,665
	APT&C and Manual						
8,786	APT&C	8,746	9,512	9,758		-12	9,746
130	Tender Drivers	111	118	118			118
139	Catering	159	168	168		5	173
571	Transport Maintenance	570	570	581		8	589
46	Hydrant Technicians	52	55	55			55
25	Casuals	0	0	0			0
9,697	TOTAL APT&C/MANUAL	9,638	10,423	10,680	0	1	10,681
	Other Employee Expenses						
66	Allowances	61	69	67			67
1	Removal Expenses	3	1	1			1
483	Training Expenses	484	506	480		52	532
35	Other Expenses	27	27	22		1	23
5	Staff Advertising	9	6	3			3
83	Development Expenses	53	53	80		3	83
-30	Employee Insurance	204	183	183		-2	181
2,869	MPF Pen Fixed Rate	0	0	0		74	74
60	Enhanced Pensions	52	52	52			52
3	SSP & SMP Reimbursements	0	0	1			1
122	Catering Expenditure	115	115	120		-1	119
-470	HFRA Capitalisation Payroll	-375	-375	-375			-375
3,227	TOTAL OTHER EMPLOYEE EXPENSES	633	637	634	0	127	761
	Pensions						
1,737	Injury Pension	1,780	1,780	1,755			1,755
352	Ill Health Retirement Charges	174	174	174			174
2,089	TOTAL PENSIONS	1,954	1,954	1,929	0	0	1,929
47,284	TOTAL EMPLOYEES	43,327	44,136	44,861	0	175	45,036
	PREMISES						
27	Building Maintenance Repairs	128	128	42			42
6	Site Maintenance Costs	10	10	8		6	14
802	Energy	850	854	853		-88	765
46	Rent	81	79	49		2	51
1,379	Rates	1,451	1,590	1,590			1,590
223	Water	210	210	210		5	215
12	Fixtures	30	30	28			28
47	Insurance	45	54	53			53
2,542	TOTAL PREMISES	2,805	2,955	2,833	0	-75	2,758
	TRANSPORT						
539	Direct Transport	362	357	346		39	385
11	Tunnel & Toll Fees	12	12	11			11
126	Operating Lease	138	138	133		1	134
389	Other Transport Costs	477	478	471		2	473
90	Car Allowances	121	123	94			94
359	Insurance	273	285	284			284
1,514	TOTAL TRANSPORT	1,383	1,393	1,339	0	42	1,381

2018/19 FIRE SERVICE REVENUE BUDGET MOVEMENT (continued)

Actual 2017/18	SERVICE REQUIREMENTS	Base Budget 2018/19	Qtr 1 Budget 2018/19	Qtr 2 Budget 2018/19	Reserve Draw- down	Virements	Qtr 3 Budget 2018/19
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	SUPPLIES & SERVICES						
15	Administrative Supplies	21	21	17			17
261	Operational Supplies	273	286	279			279
6	Hydrants	9	9	8		3	11
39	Consumables	39	40	44			44
114	Training Supplies	141	141	122		2	124
81	Fire Prevention Supplies	90	386	360		-5	355
48	Catering Supplies	25	25	30		10	40
356	Uniforms	290	294	296	23	25	344
92	Printing & Stationery	147	146	104		-1	103
1	Operating Leases	2	2	1		1	2
228	Professional Fees/Service	866	637	957	12	150	1,119
715	Communications	559	664	712		67	779
12	Postage	22	22	14		1	15
15	Command/Control	6	7	8			8
215	Computing	233	230	327		-20	307
217	Medicals	264	214	206			206
68	Travel & Subsistence	81	88	90		13	103
117	Grants/Subscriptions	96	111	107		3	110
10	Advertising	4	3	3		1	4
13	Furniture	24	24	24			24
80	Laundry	82	82	82			82
35	Insurances	36	37	38			38
9	Hospitality	5	5	9			9
0	Seconded Officers In	0	52	52			52
2,747	TOTAL SUPPLIES & SERVICES	3,315	3,526	3,890	35	250	4,175
	AGENCY SERVICES						
128	Super Fund Admin	116	116	116			116
1,435	ICT Service Provider	1,439	1,468	1,571		-13	1,558
410	ICT Managed Suppliers	400	420	420		13	433
2,707	PFI Unitary Charges ((Int/Principal/Op Costs)	2,746	2,746	2,746			2,746
1,133	Estates Service Provider	1064	1084	1,187			1,187
5,813	TOTAL AGENCY SERVICES	5,765	5,834	6,040	0	0	6,040
	CENTRAL EXPENSES						
417	Finance & Computing	407	437	407		29	436
2	Central Expenses	0	0	0			0
419	TOTAL CENTRAL EXPENSES	407	437	407	0	29	436
	CAPITAL FINANCING						
6,113	PWLB Debt Charges	6,198	6,198	6,298		100	6,398
58	MRB Debt Charges	60	60	60			60
4,824	Revenue Contribution to Capital	5,003	1,974	2,459	760	141	3,360
10,995	TOTAL CAPITAL FINANCING	11,261	8,232	8,817	760	241	9,818
71,314	TOTAL EXPENDITURE	68,263	66,513	68,187	795	662	69,644
	INCOME						
4,680	Specific Grants	3,940	3,973	4,280		175	4,455
7	Sales	0	0	0		3	3
1,504	Fees & Charges	830	1,264	1,373		14	1,387
5	Reinforcing Moves	5	5	5			5
856	Rents etc	825	825	845		-1	844
314	Recharges Secondments	456	491	495		9	504
264	Contributions	160	584	590		52	642
342	Recharges Internal	208	208	328		-7	321
12	Other Income	6	6	10			10
7,984	TOTAL INCOME	6,430	7,356	7,926	0	245	8,171
63,330	NET EXPENDITURE	61,833	59,157	60,261	795	417	61,473

2018/19 CORPORATE MANAGEMENT REVENUE BUDGET MOVEMENT

Actual 2017/18	SERVICE REQUIREMENTS	Base Budget 2018/19	Qtr 1 Budget 2018/19	Qtr 2 Budget 2018/19	Reserve Draw- down	Virements	Qtr 3 Budget 2018/19
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	EXPENDITURE						
	Finance & Legal costs						
79	Finance Officer	79	79	79			79
101	Legal Officer	108	112	108			108
	Democratic Rep (1020)						0
15	- Travel & Subsistence	24	24	16			16
2	- Conference Fees	5	5	2			2
210	- Members Allowances	216	216	208			208
0	- Telephones	1	1	1			1
0	- Training	1	1	4			4
0	- Hospitality	2	2	0			0
	Central Expenses (1030)			0			0
13	Bank Charges	17	17	15			15
33	District Audit Fees	25	25	26			26
28	Subscriptions	32	32	30			30
481	TOTAL EXPENDITURE	510	514	489	0	0	489

2018/19 NATIONAL RESILIENCE ASSURANCE REVENUE BUDGET MOVEMENT

Actual 2017/18	SERVICE REQUIREMENTS	Base Budget 2018/19	Qtr 1 Budget 2018/19	Qtr 2 Budget 2018/19	Reserve Draw- down	Virements	Qtr 3 Budget 2018/19
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	EXPENDITURE						
1,131	Employee Costs		1,614	1,715		46	1,761
983	Transport Costs		5,874	5,876		4	5,880
1,127	Supplies and Services Costs		1,303	1,317		311	1,628
335	Agency Costs		780	780			780
220	Central Expenditure		220	237		13	250
6	Capital Financing Costs		0	0			0
3,802	TOTAL EXPENDITURE	0	9,791	9,925	0	374	10,299
	INCOME						
3,802	Income		9,791	9,925		374	10,299
0	NET EXPENDITURE	0	0	0	0	0	0

Budgeted Movement on Reserves 2018/19

	Opening Balance	Planned Base Budget Use	Qtr 1 Drawdown & changes	Qtr 2 Drawdown & changes	Qtr 3 Drawdown & changes	Closing Balance
	£'000	£'000	£'000	£'000	£'000	£'000
Committed Reserves						
Emergency Related Reserves						
Bellwin Reserve	147					147
Insurance Reserve	859					859
Emergency Planning Reserve	75					75
Catastrophe Reserve	100					100
Modernisation Challenge						
Smoothing Reserve	1,806	-298				1,508
Ill Health Penalty Reserve	322					322
Recruitment Reserve	3,000					3,000
Invest to Save / Collaboration Reserve	1,000	-329				671
Capital Investment & Debt Repayment Res	12,379	-3,707	3,061	-325	-739	10,669
Specific Projects						
PFI Annuity Reserve	2,092	-91				2,001
Equality / DDA Investment Reserve	285					285
Community Sponsorship Reserve	6					6
Equipment Reserve	347			-8	-5	334
Contestable Research Fund Reserve	24					24
Training Reserve	450				-7	443
Healthy Living / Olympic Legacy	35					35
Inflation Reserve	700					700
Clothing / Boots Reserve	308				-23	285
Ringfenced Reserves						
Princes Trust Reserve	121					121
Community Risk Management Reserve	325					325
Energy Reserve	141	40		-141	-21	19
New Dimensions Reserve	1,193					1,193
Total Committed Reserves	25,715	-4,385	3,061	-474	-795	23,122
General Revenue Reserve	2,000		0	0	0	2,000
Total Reserves	27,715	-4,385	3,061	-474	-795	25,122

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Capital Programme 2018/19

<u>EXPENDITURE</u>		Approved Budget	Q1 Budget	Q2 Budget	Q3 Re-Phasings	Q3 Virements	Q3 Budget	Actual to 28.12.18
		£	£		£	£	£	£
BUILDING & LAND PROGRAMME								
BLD001	Roofs & Canopy Replacements	40,000	70,600	70,600	-30,000	-11,000	29,600	11,383
BLD004	Concrete Yard Repairs	20,000	25,400	25,400			25,400	9,255
BLD005	Tower Improvements	10,000	118,800	128,800			128,800	110,838
BLD007	L.E.V. Sys In App Rooms	5,000	16,700	16,700			16,700	2,567
BLD013	Appliance Room Floors	30,000	42,500	32,500			32,500	
BLD014	Boiler Replacements	15,000	35,500	35,500			35,500	2,097
BLD016	Community Station Investment	25,000	31,400	31,400			31,400	4,945
BLD018	Conference Facilities H/Q	5,000	20,000	20,000			20,000	
BLD020	5 Year Electrical Test	70,000	120,000	120,000	-75,000	-5,000	40,000	
BLD026	Corporate Signage	5,000	14,000	14,000			14,000	
BLD031	Diesel Tanks		169,700	169,700		5,000	174,700	16,200
BLD032	Power Strategy (Generators)	10,000	39,000	39,000			39,000	5,332
BLD033	Sanitary Accommodation Refurb	20,000	74,000	74,000	-30,000		44,000	37,111
BLD034	Office Accommodation	15,000	35,300	25,300			25,300	2,479
BLD036	L.L.A.R. Accommodation Formby		277,800	602,800			602,800	780
BLD039	F.S. Refurbishment Heswall	250,000	315,600	315,600	-290,000		25,600	14,402
BLD041	F.S. Refurbishment Aintree	150,000	0	0			0	
BLD042	St Helens Conversion	100,000	50,000	50,000	-50,000		0	
BLD044	Asbestos Surveys	10,000	59,000	59,000	-40,000		19,000	
BLD050	LLAR Accommodation Belle Vale		25,000	25,000			25,000	
BLD055	F.S. Refurbishment Bromborough		0	0			0	
BLD056	F.S. Refurbishment Eccleston	50,000	25,000	25,000	-25,000		0	
BLD058	H.V.A.C. Heating, Vent & Air Con	25,000	87,700	87,700	-50,000		37,700	10,403
BLD060	D.D.A. Compliance Work	120,000	230,400	230,400	-175,000		55,400	
BLD061	Lighting Conductors Surge Protectors	10,000	38,200	38,200			38,200	7,829
BLD062	Emergency Lighting	5,000	25,300	25,300			25,300	
BLD063	F.S. Refurbishment Kirby		24,600	24,600			24,600	
BLD067	Gym Equipment Replacement	20,000	65,100	65,100			65,100	23,518
BLD070	Workshop Enhancement		107,300	107,300	-60,000		47,300	18,959
BLD071	Station Refresh	25,000	60,000	51,200			51,200	3,235
BLD073	SHQ Museum	191,000	11,000	11,000	-11,000		0	
BLD075	Llar Accomodation Newton Le Willows		30,000	30,000			30,000	
BLD076	F.S. Refurbishment Huyton		0	0			0	
BLD080	Prescot Fire Station Build			0			0	
BLD081	SHQ Stage C Works			0			0	
BLD082	Saughall Massie Fire Station Build	3,600,000	4,000,000	4,000,000	605,200	134,000	4,739,200	2,722,471
BLD083	St Helens Fire Station Build	5,000,000	50,000	50,000	405,000		455,000	191,604
BLD084	F.S. Refurbishment Croxteth		0	0			0	
BLD085	F.S. Refurbishment Speke/Garston	300,000	0	0			0	
BLD086	F.S. Refurbishment Old Swan	300,000	0	0			0	
BLD087	F.S. Refurbishment City Centre		25,000	25,000			25,000	22,868
BLD088	F.S. Refurbishment Kensington	100,000	0	0			0	
BLD090	F.S. Refurbishment Wallasey		50,000	50,000			50,000	
BLD091	Refurbishment TDA	1,000,000	38,600	49,600		11,000	60,600	45,964
BLD092	Service HQ. Offices	50,000	0	8,800			8,800	8,737
BLD094	Security Enhancement Works	25,000	41,600	41,600			41,600	32,687
CON001	Energy Conservation Non-Salix	25,000	127,000	127,000	-118,000		9,000	
CON002	Energy Conservation Salix		2,600	143,500		21,000	164,500	7,610
EQU002	Fridge/Freezer Rep Prog	10,000	19,700	29,700			29,700	20,227
EQU003	Furniture Replacement Prog	10,500	37,800	37,800			37,800	7,995
	Total	11,646,500	6,637,200	7,114,100	56,200	155,000	7,325,300	3,341,495
FIRE SAFETY								
FIR002	Smoke Alarms (H.F.R.A.)	235,000	235,000	235,000			235,000	128,551
FIR005	Installation Costs (H.F.R.A.)	375,000	375,000	375,000			375,000	0
FIR006	Deaf Alarms (H.F.R.A.)	25,000	25,000	25,000			25,000	12,000
FIR009	Risk Management Residential Blocks		200,000	200,000			200,000	18,815
	Total	635,000	835,000	835,000	0	0	835,000	159,366

Capital Programme 2018/19

EXPENDITURE		Approved Budget	Q1 Budget	Q2 Budget	Q3 Re-Phasings	Q3 Virements	Q3 Budget	Actual to 28.12.18
		£	£		£	£	£	£
ICT								
FIN001	F.M.I.S. Replacement		75,300	75,300			75,300	70,348
IT002	I.C.T. Software	258,000	258,000	258,000		11,000	269,000	197,595
IT003	I.C.T. Hardware	177,100	289,740	294,640		2,000	296,640	218,669
IT005	I.C.T. Servers	80,000	182,900	182,900		-61,000	121,900	75,856
IT018	I.C.T. Network	219,000	408,700	408,700	-70,000	-40,000	298,700	18,374
IT019	Website Development		42,200	42,200			42,200	7,848
IT026	I.C.T. Operational Equipment	62,000	65,200	65,200	-50,000		15,200	10,844
IT027	I.C.T. Security	2,000	2,000	2,000			2,000	
IT028	System Development Portal		23,900	23,900			23,900	10,397
IT030	I.C.T. Projects / Upgrades	5,000	2,500	2,500			2,500	1,395
IT053	JCC Backup MACC	39,500	39,500	39,500		-39,500	0	
IT055	C3i C&C Comms and Info system	5,000	8,500	8,500		-8,500	0	
IT056	PFI Access Door System		8,600	8,600			8,600	
IT057	Fleet Management System		4,600	4,600			4,600	
IT058	New Emergency Services Network	55,000	152,000	152,000			152,000	73,545
IT059	ESMCP Project Control Room Integration		183,100	183,100			183,100	91,090
IT060	ICT Station Change	40,000	40,000	40,000	-20,000		20,000	8,400
IT061	ICT Remedail Works			14,100		137,700	151,800	14,083
IT062	Capita Vision 3 Update			0	-138,000	138,000	0	
	Total	942,600	1,786,740	1,805,740	-278,000	139,700	1,667,440	798,444
OPERATIONAL EQUIP. & HYDRANTS								
OPS001	Gas Tight Suits Other Ppe	130,000	14,000	5,000	-5,000		0	
OPS003	Hydraulic Rescue Equipment	125,000	125,000	124,900			124,900	102,535
OPS005	Resuscitation Equipment	12,000	27,500	27,500	-27,500		0	
OPS009	Pod Equipment	112,500	112,500	112,500	-112,500		0	
OPS011	Thermal Imaging Cameras	176,500	176,500	176,500			176,500	165,000
OPS016	Gas Detection Equipment (MYRA DS)	0	50,000	50,000			50,000	39,799
OPS022	Improvements To Fleet	30,000	30,000	30,000	-15,000		15,000	2,144
OPS023	Water Rescue Equipment	186,500	10,000	10,000			10,000	9,338
OPS024	BA equipment / Comms	169,000	169,100	169,100	-120,000		49,100	2,234
OPS026	Rope Replacement		16,600	16,600			16,600	
OPS027	Light Portable Pumps	20,000	0	0			0	
OPS031	Cctv Equipment/Drone	21,000	11,000	11,000			11,000	
OPS034	Operational Ladders	16,000	45,000	45,000	5,000		50,000	
OPS036	Radiation/Gas Detection Equipment	45,000	0	0			0	
OPS038	Water Delivery System	30,000	0	0			0	
OPS039	Water Delivery Hoses	10,000	10,000	19,100			19,100	19,142
OPS049	Bulk Foam Attack Equipment	143,000	143,000	143,000	-143,000		0	
OPS052	DEFRA FRNE Water Rescue Grant		16,000	16,000			16,000	
OPS054	Light Portable Pumps	30,000	30,000	30,000	-30,000		0	
OPS055	NRAT National Asset Refresh		1,768,700	1,768,700	-1,250,000		518,700	38,041
OPS056	PV Stop	16,000	16,000	16,000	-16,000		0	
HYD001	Hydrants (New Installations)	18,500	18,500	18,500			18,500	
HYD002	Hydrants (Rep Installations)	18,500	18,500	18,500			18,500	5,264
	Total	1,309,500	2,807,900	2,807,900	-1,714,000	0	1,093,900	383,497
VEHICLES								
VEH001	Wti'S Purchased	765,000	1,544,000	1,544,000			1,544,000	
VEH002	Ancillary Vehicles	403,100	685,600	685,600	-54,150		631,450	206,175
VEH004	Special Vehicles	1,087,100	1,261,850	1,261,850	-985,050		276,800	190,000
VEH005	Vehicles water Strategy		16,400	16,400	-16,400		0	
VEH010	Marine Rescue Vessels	25,000	475,000	475,000	-370,000		105,000	
WOR001	Workshop Equipment		66,300	66,300			66,300	52,944
	Total	2,280,200	4,049,150	4,049,150	-1,425,600	0	2,623,550	449,119
	Grand Total	16,813,800	16,115,990	16,611,890	-3,361,400	294,700	13,545,190	5,131,922

Capital Programme 2018/19

FINANCING		Approved Budget	Q1 Budget	Q2 Budget	Q3 Re-Phasings	Q3 Virements	Q3 Budget	Actual to 28.12.18
		£	£		£	£	£	£
Capital Receipts								
	Sale of Upton FS	350,000	350,000	350,000	-350,000		0	
	Sale of West Kirby FS	200,000	200,000	200,000	-200,000		0	
	Sale of Whiston FS		250,000	250,000			250,000	315,000
	Sale of St Helens FS	100,000	0	0			0	
	Sale of Eccleston FS	600,000	0	0			0	
	Sale of Allerton FS		400,000	400,000			400,000	904,772
	Sale of Formby LLAR House	350,000	350,000	350,000	-350,000		0	
	Sale of Newton 2 LLAR House	275,000	275,000	275,000	-275,000		0	
	Sale of West Kirby LLAR House	400,000	400,000	400,000			400,000	
	Sale of Bromborough Land	0	0	0			0	33,500
R.C.C.O. / Capital Reserve								
	Capitalisation of Sals HFRA (FIR005)	375,000	375,000	375,000			375,000	
	ICT Equipment (IT003)		640	5,540		2,000	7,540	7,540
	MRSP Educational Van (VEH004)		32,000	32,000			32,000	32,000
	HR Document MGR App (FIN001)		8,000	8,000			8,000	8,000
	Saughall Massie FS New Build	2,164,000	1,558,800	1,558,800	605,200	134,000	2,298,000	831,271
	St Helens FS New Build (BLD083)	2,464,000	0	0			0	
	ESMCP Grant Remedial Works (IT061)			14,100		137,700	151,800	151,800
	SALIX LED Lighting Schemes (CON002)			140,900		21,000	161,900	161,900
	LLAR Formby New Build (BLD036)			325,000			325,000	780
Grant								
	Saughall FS Capital Transformation	886,000	1,891,200	1,891,200			1,891,200	1,891,200
	St Helens FS Capital Transformation	1,836,000	50,000	50,000	405,000		455,000	191,604
	NRAT National Resilience Grant	0	1,768,700	1,768,700	-1,250,000		518,700	38,041
	Prescott Nwas Contribution			11,000			11,000	11,049
	Total Non Borrowing	10,000,000	7,909,340	8,405,240	-1,414,800	294,700	7,285,140	4,578,457
Borrowing Requirement								
	Unsupported Borrowing	6,813,800	8,206,650	8,206,650	-1,946,600	0	6,260,050	553,464
	Borrowing	6,813,800	8,206,650	8,206,650	-1,946,600	0	6,260,050	553,464
	Total Funding	16,813,800	16,115,990	16,611,890	-3,361,400	294,700	13,545,190	5,131,922

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Approved Capital Programme for 2018/2019 - 2022/2023

Capital Expenditure	Total Cost £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Building/Land	24,665,800	7,325,300	10,822,700	4,872,900	939,900	705,000
Fire Safety	3,375,000	835,000	635,000	635,000	635,000	635,000
ICT	4,906,840	1,667,440	1,267,100	664,100	584,100	724,100
Operational Equipment & Hydrants	3,788,400	1,093,900	1,981,000	312,500	184,000	217,000
Vehicles	9,652,650	2,623,550	2,447,400	1,159,800	1,668,600	1,753,300
Expenditure	46,388,690	13,545,190	17,153,200	7,644,300	4,011,600	4,034,400
2018/19 - 2022/23 Q2 Approved Programme	43,265,690	16,611,890	15,114,950	3,339,300	3,641,600	4,557,950
Q3 Current to Q2 Change	3,123,000	(3,066,700)	2,038,250	4,305,000	370,000	(523,550)
Q3 Movements Explained by:						
RCCOs	2,000	2,000	0	0	0	0
IT061 - ESMCP Remedial Works - Revenue Grant	137,700	137,700	0	0	0	0
CON002 Salix (Energy Conservation Reserve)	21,000	21,000	0	0	0	0
BLD082 Saughall Massie FS New Build (Reserves)	134,000	134,000	0	0	0	0
BLD091 TDA increase (CFO/079/18)	3,500,000			3,500,000		
Rephasing of Current Schemes	0	(2,988,250)	2,038,250	805,000	0	145,000
Vehicle Budget Relignments	(671,700)	(373,150)	0	0	370,000	(668,550)
Q3 Movement	3,123,000	(3,066,700)	2,038,250	4,305,000	370,000	(523,550)
Financing Available	Total £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2021/22 £
Capital Receipts	2,925,000	1,050,000	1,875,000	0	0	0
RCCO	2,236,240	736,240	375,000	375,000	375,000	375,000
Capital Reserves	7,537,000	2,623,000	4,914,000	0	0	0
Grants	5,756,900	2,875,900	2,881,000	0	0	0
Total Non Borrowing	18,455,140	7,285,140	10,045,000	375,000	375,000	375,000
Unsupported Borrowing	27,933,550	6,260,050	7,108,200	7,269,300	3,636,600	3,659,400
Total Funding	46,388,690	13,545,190	17,153,200	7,644,300	4,011,600	4,034,400
Q2 Funding Level for 2018/19 - 2022/23 Programme	43,265,690	16,611,890	15,114,950	3,339,300	3,641,600	4,557,950
Q3 to Q2 Change	3,123,000	(3,066,700)	2,038,250	4,305,000	370,000	(523,550)
Funding Change Explained by:						
RCCO - new schemes	160,700	160,700	0	0	0	0
IT003 - Hardware & Phones		2,000	0	0	0	0
IT061 - ESMCP Remedial Works - Revenue Grant		137,700				
CON002 Salix (Energy Conservation Reserve)		21,000				
Grants	0	(845,000)	845,000	0	0	0
St Helens FS Tranformation Grant - re-phasing		405,000	(405,000)			
NRAT National Resilience Grant - re-phasing		(1,250,000)	1,250,000			
Use of Reserves	3,634,000	739,200	(605,200)	3,500,000	0	0
BLD082 Saughall Massie FS New Build (Reserves) - re-phasing		605,200	(605,200)			
BLD082 Saughall Massie FS New Build (Reserves) - increase		134,000				
BLD091TDA Refurbishment				3,500,000		
Capital Receipts	0	(1,175,000)	1,175,000	0	0	0
Sale of Upton FS - re-phasing		(350,000)	350,000	0	0	0
Sale of West Kirby FS - re-phasing		(200,000)	200,000	0	0	0
Sale of LLAR House Formby - re-phasing		(350,000)	350,000	0	0	0
Sale of LLAR House Newton - re-phasing		(275,000)	275,000	0	0	0
Unsupported Borrowing	0	(1,946,600)	623,450	805,000	370,000	(523,550)
Slippage/Rephasing of Schemes	0	(1,573,450)	623,450	805,000	0	145,000
Vehicle Budget Relignments	(671,700)	(373,150)	0	0	370,000	(668,550)
Q3 Movements	3,123,000	(3,066,700)	2,038,250	4,305,000	370,000	(523,550)

Building / Land - Approved Budget 2018/19 to 2022/23

Type of Capital Expenditure	Total Cost £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Major Site Refurbishments						
BLD016 Community Station Investment	106,400	31,400	25,000	25,000	25,000	
BLD039 FS Refurbishment Heswall	340,600	25,600	290,000	25,000		
BLD041 FS Refurbishment Aintree	159,900				159,900	
BLD042 FS Refurbishment St Helens	102,700		102,700			
BLD055 FS Refurbishment Bromborough	350,000			350,000		
BLD056 FS Refurbishment Eccleston	50,000		50,000			
BLD057 FS Refurbishment Crosby	150,000			150,000		
BLD063 FS Refurbishment Kirkby	374,600	24,600		350,000		
BLD070 Workshop Enhancement	107,300	47,300	60,000			
BLD071 Station Refresh	153,600	51,200	25,000	52,400	25,000	
BLD084 FS Refurbishment Croxteth	293,500		293,500			
BLD085 FS Refurbishment Speke/Garston	300,000		150,000			150,000
BLD086 FS Refurbishment Old Swan	300,000		150,000			150,000
BLD087 FS Refurbishment City Centre	25,000	25,000				
BLD088 FS Refurbishment Kensington	140,000		40,000			100,000
BLD089 FS Refurbishment Toxteth	200,000				200,000	
BLD090 FS Refurbishment Wallasey	125,000	50,000			75,000	
BLD091 TDA Refurbishment	4,560,600	60,600	1,000,000	3,500,000		
BLD093 Marine Fire 1 Refurbishment	150,000				150,000	
	7,989,200	315,700	2,186,200	4,452,400	634,900	400,000
Station Mergers						
BLD082 Saughall Massie FS New Build (CFO/058/15)	4,739,200	4,739,200				
BLD083 St Helens FS New Build (CFO/059/15)	7,700,000	455,000	7,245,000			
	12,439,200	5,194,200	7,245,000			
Other						
BLD073 SHQ Museum	191,000		191,000			
	191,000		191,000			
LLAR Accommodation Works						
BLD036 LLAR Accommodation Formby	602,800	602,800				
BLD050 LLAR Accommodation Belle Vale	50,000	25,000	25,000			
BLD075 LLAR Accommodation Newton-le-Willows	281,400	30,000	251,400			
	934,200	657,800	276,400			
General Station Upgrade Works						
BLD001 Roofs & Canopy Replacements	219,600	29,600	70,000	40,000	40,000	40,000
BLD004 Concrete Yard Repairs	105,400	25,400	20,000	20,000	20,000	20,000
BLD005 Tower Improvements	173,800	133,800	10,000	10,000	10,000	10,000
BLD013 Non Slip Coating to Appliance Room Floors	147,500	27,500	30,000	30,000	30,000	30,000
BLD014 Boiler Replacements	95,500	35,500	15,000	15,000	15,000	15,000
BLD020 Electrical Testing	195,000	40,000	95,000	20,000	20,000	20,000
BLD031 Diesel Tanks	174,700	174,700				
BLD033 Sanitary Accommodation Refurbishment	154,000	44,000	50,000	20,000	20,000	20,000
BLD044 Asbestos Surveys	99,000	19,000	50,000	10,000	10,000	10,000
BLD060 DDA Compliance	290,400	55,400	195,000	20,000	10,000	10,000
	1,654,900	584,900	535,000	185,000	175,000	175,000
Other Works						
BLD007 L.E.V. System in Appliance Rooms	36,700	16,700	5,000	5,000	5,000	5,000
BLD018 Conference Facilities SHQ	40,000	20,000	5,000	5,000	5,000	5,000
BLD026 Corporate Signage	34,000	14,000	5,000	5,000	5,000	5,000
BLD032 Power Strategy	69,000	39,000	10,000	10,000	5,000	5,000
BLD034 Office Accommodation	85,300	25,300	15,000	15,000	15,000	15,000
BLD053 Headquarters Lighting	25,000			25,000		
BLD058 HVAC - Heating, Ventilation & Air Con	112,700	37,700	75,000			
BLD061 Lightening Conductors & Surge Protection	68,200	38,200	10,000	10,000	5,000	5,000
BLD062 Emergency Lighting	45,300	25,300	5,000	5,000	5,000	5,000
BLD067 Gym Equipment Replacement	145,100	65,100	20,000	20,000	20,000	20,000
BLD092 Service Headquarters Offices	124,400	8,800	50,600	65,000		
BLD094 Security Enhancement Works	141,600	41,600	25,000	25,000	25,000	25,000
CON001 Energy Conservation Non-Salix	217,000	9,000	143,000	25,000	20,000	20,000
CON002 Energy Conservation Salix	164,500	164,500				
EQU002 Replacement programme for Fridge Freezers	69,700	29,700	10,000	10,000	10,000	10,000
EQU003 Furniture Replacement Programme	78,800	37,800	10,500	10,500	10,000	10,000
	1,457,300	572,700	389,100	235,500	130,000	130,000
	24,665,800	7,325,300	10,822,700	4,872,900	939,900	705,000
Original Budget	13,932,500	11,646,500	620,500	905,500	455,000	305,000
Current Programme	24,665,800	7,325,300	10,822,700	4,872,900	939,900	705,000
Changes	10,733,300	(4,321,200)	10,202,200	3,967,400	484,900	400,000
Q1 Movements/Adjustments	4,151,400	(5,009,300)	8,758,400	(82,600)	484,900	
Q2 Movements/Adjustments	2,926,900	476,900	2,450,000			
Q3 Movements/Adjustments	3,655,000	211,200	(1,006,200)	4,050,000		400,000

Q3 Movements/AdjustmentsVirements

BLD001 to BLD091	(11,000)			
BLD091 from BLD001	11,000			
BLD020 to BLD031	(5,000)			
BLD031 from BLD020	5,000			

RCCOs/Reserves

CON002 Salix (Energy Conservation Reserve)	21,000			
BLD082 Saughall Massie FS New Build (Reserves)	134,000			

BLD091 TDA Refurbishment			3,500,000	
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Slippage/Repahsing

BLD039 FS Refurbishment Heswall	(290,000)	290,000		
BLD042 FS Refurbishment St Helens	(50,000)	50,000		
BLD055 FS Refurbishment Bromborough		(350,000)	350,000	
BLD056 FS Refurbishment Eccleston	(25,000)	25,000		
BLD063 FS Refurbishment Kirkby		(350,000)	350,000	
BLD070 Workshop Enhancement	(60,000)	60,000		
BLD085 FS Refurbishment Speke/Garston		(150,000)		150,000
BLD086 FS Refurbishment Old Swan			(150,000)	150,000
BLD088 FS Refurbishment Kensington		(100,000)		100,000
BLD082 Saughall Massie FS New Build	605,200	(605,200)		
BLD083 St Helens FS New Build (CFO/059/15)	405,000	(405,000)		
BLD073 SHQ Museum	(11,000)	11,000		
BLD001 Roofs & Canopy Replacements	(30,000)	30,000		
BLD020 Electrical Testing	(75,000)	75,000		
BLD033 Sanitary Accommodation Refurbishment	(30,000)	30,000		
BLD044 Asbestos Surveys	(40,000)	40,000		
BLD060 DDA Compliance	(175,000)	175,000		
BLD058 HVAC - Heating, Ventilation & Air Con	(50,000)	50,000		
CON001 Energy Conservation Non-Salix	(118,000)	118,000		

TOTAL MOVEMENTS	3,655,000	211,200	(1,006,200)	4,050,000	400,000
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Fire Safety - Approved Budget 2018/19 to 2022/23

Type of Capital Expenditure	Total Cost £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
FIR002 Smoke Alarms (100,000 HFRA target)	1,175,000	235,000	235,000	235,000	235,000	235,000
FIR005 Installation costs (HFRA)	1,875,000	375,000	375,000	375,000	375,000	375,000
FIR006 Deaf Alarms (HFRA)	125,000	25,000	25,000	25,000	25,000	25,000
FIR009 Fire Risk Management in Residential Blocks (CFO/135/13)	200,000	200,000				
	3,375,000	835,000	635,000	635,000	635,000	635,000
Original Budget	3,175,000	635,000	635,000	635,000	635,000	635,000
Current Programme	3,375,000	835,000	635,000	635,000	635,000	635,000
Changes	200,000	200,000				

ICT - Approved Budget 2018/19 to 2022/23

Type of Capital Expenditure	Total Cost £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
IT002 ICT Software						
Software Licences	10,000	2,000	2,000	2,000	2,000	2,000
New Virtualisation Infrastructure	75,000	75,000				
3 Year Licences Antivirus & Filtering	11,000	11,000				
5 Year Antivirus & Filtering Software	200,000					200,000
MDT Software Solution Refresh	100,000					100,000
Microsoft EA Agreement (Servers & Security)	240,000	48,000	48,000	48,000	48,000	48,000
Microsoft EA Agreement (Windows & Office)	640,000	128,000	128,000	128,000	128,000	128,000
Microsoft EA Agreement (Application Development)	25,000	5,000	5,000	5,000	5,000	5,000
	1,301,000	269,000	183,000	183,000	183,000	483,000
IT003 ICT Hardware						
Desktops (target 20%)	226,440	66,040	40,100	40,100	40,100	40,100
Tablets & Docking Stations (target 20%)	398,200	150,200	62,000	62,000	62,000	62,000
Monitors & Monitor Arms (target 20%)	79,300	23,300	14,000	14,000	14,000	14,000
Peripherals replacement (target 20%)	16,900	4,900	3,000	3,000	3,000	3,000
Mobile device replacement (target 20%)	62,400	50,400	3,000	3,000	3,000	3,000
Replacement Backup Tape Drive	25,000				25,000	
IP TV Asset Refresh	51,800	1,800	25,000		25,000	
Audio Visual Conference Facility	120,000			120,000		
	980,040	296,640	147,100	242,100	172,100	122,100
IT005 ICT Servers						
Server/storage replacement (target 20%)	347,600	87,600	65,000	65,000	65,000	65,000
Server/storage growth	134,300	34,300	25,000	25,000	25,000	25,000
	481,900	121,900	90,000	90,000	90,000	90,000
IT018 ICT Network						
Local Area Network replacement (discrete)	7,500	7,500				
Network Switches/Router replacement	285,300	207,300	72,000	2,000	2,000	2,000
Network Switches/Routers Growth	29,300	9,300	5,000	5,000	5,000	5,000
Vesty Road Network Link Refresh	40,000		40,000			
Wireless Network	74,600	74,600				
	436,700	298,700	117,000	7,000	7,000	7,000
IT026 ICT Operational Equipment						
Pagers/Alerters	7,400	7,400				
Station Equipment Replacement	45,300	5,300	10,000	10,000	10,000	10,000
Incident Ground Management System	52,500	2,500	50,000			
MDT Replacement (Not incl. in ESMCP)	120,000			120,000		
	225,200	15,200	60,000	130,000	10,000	10,000
IT058 New Emergency Services Network (ESN)						
ESN Radios / Infrastructure - Estimate	152,000	152,000				
	152,000	152,000				
IT060 ICT Station Change						
Saughall Massie Station End Mobilising Equipment	20,000	20,000				
St Helens Station End Mobilising Equipment	20,000		20,000			
	40,000	20,000	20,000			
Other IT Schemes						
IT019 Website Development	42,200	42,200				
IT027 ICT Security - Remote Access Security FOBS	10,000	2,000	2,000	2,000	2,000	2,000
IT028 System Development (Portal)	133,900	23,900			110,000	
IT030 ICT Projects/Upgrades	22,500	2,500	5,000	5,000	5,000	5,000
IT055 C.3.I. C.&.C Communication & Information System	20,000		5,000	5,000	5,000	5,000
IT056 Door Access System	8,600	8,600				
IT057 Fleet Management System	4,600	4,600				
IT059 ESMCP Project Control Room Integration	183,100	183,100				
IT061 ESMCP ITHC Remedial Works	151,800	151,800				
IT062 Capita Vision 3 Update (CFO/058/17)	638,000		638,000			
FIN001 FMIS/Eproc/Payroll/HR Replacement	75,300	75,300				
	1,290,000	494,000	650,000	12,000	122,000	12,000
Original Approved Budget	4,906,840	1,667,440	1,267,100	664,100	584,100	724,100
Current Programme	4,906,840	1,667,440	1,267,100	664,100	584,100	724,100
Changes	976,840	724,840	239,000	(4,000)	21,000	(4,000)
Q1 Movements/Adjustments	818,140	844,140	(39,000)	(4,000)	21,000	(4,000)
Q2 Movements/Adjustments	19,000	19,000				
Q3 Movements/Adjustments:-	139,700	(138,300)	278,000			
Virements						
IT005 to IT002		(11,000)				
IT002 from IT005		11,000				
IT005 to IT062		(50,000)				
IT062 from IT005		50,000				
IT018 to IT062		(40,000)				
IT062 from IT018		40,000				
IT053 to IT062		(39,500)				
IT062 from IT053		39,500				
IT055 to IT062		(8,500)				
IT062 from IT055		8,500				
RCCOs						
IT003		2,000				
IT061 - ESMCP Remedial Works - Grant		137,700				
Slippage						
IT018		(70,000)	70,000			
IT026		(50,000)	50,000			
IT060 St Helens		(20,000)	20,000			
IT062		(138,000)	138,000			

Operational Equipment - Approved Budget 2018/19 to 2022/23

Type of Capital Expenditure	Total Cost £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
OPS003 Hydraulic Rescue Equipment						
Hydraulic Rescue Equipment - Replacement Programme	329,900	124,900		60,000	60,000	85,000
	329,900	124,900		60,000	60,000	85,000
OPS005 Resuscitation Equipment						
Resuscitation Rescue Equipment	30,000			30,000		
Defibrillator Batteries	12,000		12,000			
Appliance Resuscitation Equipment & Cylinders	45,500		45,500			
	87,500		57,500	30,000		
OPS024 BA Equipment/Communications						
BA Cylinder Replacement	24,700	4,700	20,000			
BA Telemetry Breathing Units	15,700	15,700				
Replacement of hand held communication radios	8,800	8,800				
BA Test Rig	14,500			14,500		
BA Set Batteries	20,000		20,000			
Oxygen Booster Pumps	4,200	4,200				
ESAS, Badoliers & Air Line Reducers	15,700	15,700				
	103,600	49,100	40,000	14,500		
OPS036 Radiation/Gas Detection Equipment						
Radiation Detection Equipment	45,000			45,000		
Single Gas Detection Equipment	20,000			20,000		
	65,000			65,000		
OPS049 Bulk Foam Equipment						
Bulk Foam Attack Equipment	49,000		49,000			
Bulk Foam Stock	94,000		94,000			
	143,000		143,000			
Other						
OPS00 Gas Tight Suits Other PPE	40,000		10,000	10,000	5,000	6,000
OPS009 POD Equipment (Demountable Unit Refurb 2013/14 IRMP)	112,500		112,500			
OPS011 Thermal imaging cameras	176,500	176,500				
OPS016 Improvements to Fleet	50,000	50,000				
OPS022 Water Rescue Equipment	150,000	15,000	45,000	30,000	30,000	30,000
OPS023 Gas Detection Equipment (MYRA DS)	60,000	10,000	10,000	10,000	15,000	15,000
OPS026 Rope Replacement	61,600	16,600	15,000	10,000	10,000	10,000
OPS027 Light Portable Pumps	20,000			20,000		
OPS031 CCTV Equipment	21,000	11,000	10,000			
OPS034 Operational Ladders	257,000	50,000	160,000	16,000	17,000	14,000
OPS038 Water Delivery System	30,000		30,000			
OPS039 Water Delivery Hoses	61,100	19,100	10,000	10,000	10,000	12,000
OPS052 DEFRA FRNE	16,000	16,000				
OPS054 Electrical Equipment	43,000		35,000			8,000
OPS055 NRAT Asset Refresh	1,768,700	518,700	1,250,000			
OPS056 PV Stop (Solar Panels)	16,000		16,000			
	2,874,400	882,900	1,703,500	106,000	87,000	95,000
Hydrants						
HYD001 Hydrants (New Installations)	92,500	18,500	18,500	18,500	18,500	18,500
HYD002 Hydrants (Replacements)	92,500	18,500	18,500	18,500	18,500	18,500
	185,000	37,000	37,000	37,000	37,000	37,000
	3,788,400	1,093,900	1,981,000	312,500	184,000	217,000
Original Approved Budget	2,082,500	1,309,500	210,000	173,000	179,000	211,000
Current Programme	3,788,400	1,093,900	1,981,000	312,500	184,000	217,000
Changes	1,705,900	(215,600)	1,771,000	139,500	5,000	6,000
Q1 Movements/Adjustments	1,705,900	1,498,400	57,000	139,500	5,000	6,000
Q2 Movements/Adjustments						
Q3 Movements/Adjustments		(1,714,000)	1,714,000			
Slippage/Budget Relinquishments						
OPS005 Resuscitation Equipment		(27,500)	27,500			
OPS024 BA Equipment/Communications		(120,000)				
OPS049 Bulk Foam Equipment		(143,000)	143,000			
OPS001 Gas Tight Suits Other PPE		(5,000)	5,000			
OPS009 POD Equipment (Demountable Unit Refurb 2013/14 IRMP)		(112,500)	112,500			
OPS022 Improvements to Fleet		(15,000)	15,000			
OPS034 Operational Ladders		5,000	115,000			
OPS054 Electrical Equipment		(30,000)	30,000			
OPS055 NRAT National Asset Refresh		(1,250,000)	1,250,000			
OPS056 PV Stop (Solar Panels)		(16,000)	16,000			
TOTAL MOVEMENTS		(1,714,000)	1,714,000			

Vehicles - Approved Budget 2018/19 to 2022/23

Type of Capital Expenditure	Price Per Unit	Total		2018/19		2019/20		2020/21		2021/22		2022/23	
		Unit \$	Cost £	Unit \$	£	Unit \$	£	Unit \$	£	Unit \$	£	Unit \$	£
VEH002 Ancillary Vehicles													
Cars													
Pool Cars	10,400	33	343,200	10	104,000	8	83,200	6	62,400	9	93,600		
Officer Response Cars - Vauxhall Insignia	22,650	8	181,200	2	45,300							6	135,900
Officer Response Cars -Skoda Octavia 4x4 Estate	20,857	7	146,000	7	146,000								
7 Seater Galaxy	24,400	2	48,800	2	48,800								
Automatic	25,000	1	25,000	1	25,000								
4x4s													
Izusu/Hilux	25,500	8	204,000			8	204,000						
Skoda Octavia 4x4 Estate	21,936												
Climbing Wall Vehicle	25,500	1	25,500			1	25,500						
Vans													
Master/Transit Panel 1 <i>1 extra in 19/20 re Connect saving</i>	22,250	5	111,250	3	66,750	2	44,500						
Master/Transit Panel 2	25,800	6	154,800					3	77,400			3	77,400
Jumbo Panel Van	25,000	1	25,000	1	25,000								
Ford Connect	11,500	2	23,000	2	23,000								
4x4 Crew Van (Out of Area Deployment)	40,000												
Dog Van Mercedes Vito	49,750	1	49,750			1	49,750						
Mini Buses													
FS	24,600	3	73,800	3	73,800								
PCVs FS (Blues & Twos)	27,000												
PT	24,600	3	73,800	3	73,800								
			1,485,100		631,450		406,950		139,800		93,600		213,300
VEH004 Special Vehicles													
CPL - Aerial Appliance	650,000	2	1,544,800		244,800							2	1,300,000
Prime Movers 3	156,050	1	156,050			1	156,050						
IMU	650,000	1	650,000			1	650,000						
BA Support Unit (POD)	125,000	1	125,000			1	125,000						
Mercedes IMU	105,000	1	105,000						1	105,000			
Curtain Sided Truck (Driving School)	80,000	1	80,000						1	80,000			
Water Rescue Unit	54,000	1	54,000			1	54,000						
MRSP Educational Van	32,000	1	32,000	1	32,000								
Crane Lorry	200,000	1	200,000									1	200,000
			2,946,850		276,800		985,050				185,000		1,500,000
VEH010 Marine Rescue Vessels													
Relief Boat	150,000	1	105,000	1	105,000								
RNLI Class 75 Rib Boats			370,000										370,000
			105,000		105,000								370,000
Other Vehicles													
VEH001 Fire Appliances	255,000	15	3,825,000	3	765,000	4	1,020,000	4	1,020,000	4	1,020,000		
VEH001 Fire Appliances Slippage	259,667	3	779,000	3	779,000								
VEH005 Vehicles Water Strategy			16,400				16,400						
			4,620,400		1,544,000		1,036,400		1,020,000		1,020,000		
WOR001 Workshop Equipment													
Equipment			17,300		17,300								
Replace steam clean lift			43,000		43,000								
Workshop Equip Cable free Somers vehicle Lift.		3	59,000			1	19,000					2	40,000
Two Post Light Vehicle Lift.			6,000		6,000								
			125,300		66,300		19,000						40,000
			9,652,650		2,623,550		2,447,400		1,159,800		1,668,600		1,753,300
Original Approved Budget			8,826,000		2,280,200		1,521,550		827,400		1,426,400		2,770,450
Current Programme			9,652,650		2,623,550		2,447,400		1,159,800		1,668,600		1,753,300
Changes			826,650		343,350		925,850		332,400		242,200		(1,017,150)
Q1 Movements/Adjustments			1,498,350		1,768,950		(126,600)		77,400		(127,800)		(93,600)
Q3 Movements/Adjustments			(671,700)		(1,425,600)		1,052,450		255,000		370,000		(923,550)
Slippage/Realignment													
VEH002 4x4s - Izusu/Hilux	25,500			(1)	(25,500)	1	25,500						
VEH002 Climbing Wall Vehicle	25,500			(1)	(25,500)	1	25,500						
VEH004 Prime Movers 3	156,050			(1)	(156,050)	1	156,050						
VEH004 IMU	650,000			(1)	(650,000)	1	650,000						
VEH004 BA Support Unit (POD)	125,000			(1)	(125,000)	1	125,000						
VEH004 Water Rescue Unit	54,000			(1)	(54,000)	1	54,000						
VEH005 - Vehicles Water Strategy					(16,400)		16,400						
VEH001 - Fire Appliances	255,000							1	255,000			(1)	(255,000)
Budget Relignments													
VEH002 Ford Connect Van	11,500	(2)	(23,000)	(2)	(23,000)								
VEH002 Master/Transit Panel 1	22,250	1	22,250	1	22,250								
VEH002 PCV Fire Service - With Blues & Twos	27,000	(1)	(27,000)	(1)	(27,000)								
VEH002 PCV Fire Service	24,600	1	24,600	1	24,600								
VEH002 Officer Response Cars - Vauxhall Insignia	22,650	(7)	(158,550)									(7)	(158,550)
VEH010 MF1 Boat 1 Refurbishment			(25,000)		(25,000)								
VEH010 MF1 Boat 2	300,000	(1)	(300,000)	(1)	(300,000)								
VEH010 Relief Boat	105,000		(45,000)		(45,000)								
VEH010 RNLI Class 75 Rib Boats	370,000		370,000							1	370,000		
VEH001 - Fire Appliances	255,000		(510,000)									(2)	(510,000)
TOTAL MOVEMENTS			(671,700)		(1,425,600)		1,052,450		255,000		370,000		(923,550)

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUDIT COMMITTEE		
DATE:	14 FEBRUARY 2019	REPORT NO:	CFO/005/19
PRESENTING OFFICER	DIRECTOR OF FINANCE		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP GROUP		
TITLE OF REPORT:	INTERNAL AUDIT PROGRESS REPORT – APRIL TO DECEMBER 2018		
APPENDICES:	APPENDIX A:	INTERNAL AUDIT PROGRESS REPORT – APRIL TO DECEMBER	

Purpose of Report

1. To inform Members of the work of Internal Audit for the period April to December 2018.

Recommendation

2. That Members note the contents of this report

Introduction and Background

3. Internal Audit – Definition;

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

(Source: Public Sector Internal Audit Standards).

4. The Authority has a statutory duty to ensure that it maintains an adequate and effective system of Internal Audit of its accounting records and control systems. (Accounts and Audit Regulations 2015). In order to fulfil these functions the Authority has contracted with Liverpool City Council’s Internal Audit Service.
5. The Authority has utilised the services of the City Council’s Internal Audit Service since 1986. Each year Internal Audit submit a plan for their work following consultation with the Director of Finance, Strategic Leadership

Team (SLT) and other key officers. This plan is set based upon an assessment of risks, previous findings and the relationship with External Audit work. Members of the Audit and Scrutiny Committee approved the 2018/19 plan at their meeting on 7th June 2018, CFO/026/18.

6. The audit plan is flexible and will be regularly reviewed to ensure it can respond to emerging risks. The 2018/19 plan’s allocation of audit resources is summarised as follows:

Proposed work	2018-19 Audit days
Fundamental systems	40
Strategic Reviews / Client directed / Ad hoc reviews	45
Contingency	14
Follow up reviews	5
Audit management	8
Total audit days	112

7. Arrangements have been set in place for monitoring progress against the plan on an ongoing basis and for closely managing any ad hoc work requirements during the year.
8. This progress report covers the period from April to December 2018. The Internal Audit Progress report is attached to this report as Appendix A. In summary most of the planned audit work has yet to be undertaken. Work on the fundamental systems is carried out at the end of the financial year to fit in with the reliance external audit can place on the key financial systems. The timing of the strategic reviews reflects the point in the year when these initiatives will have progressed sufficiently to allow audit to examine what has been achieved to date.
9. Members of the Audit Committee will receive a report after the year-end on actual performance against the audit plan.

Equality and Diversity Implications

10. None contained within this report.

Staff Implications

11. None contained within this report.

. Legal Implications

12. The Authority has a statutory duty to ensure that it maintains an adequate and effective system of Internal Audit of its accounting records and control systems. (Accounts and Audit Regulations 2015).

Financial Implications & Value for Money

13. The annual cost of the audit is £35,500 and can be contained within the approved budget for audit services.

Risk Management, Health & Safety, and Environmental Implications

14. None contained within this report.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

15. Internal Audit assists in the evaluation and enhancement of sound internal control arrangements that contribute towards ensuring the Authority's mission and approved policies and plans continue to drive decision making within the service.

BACKGROUND PAPERS

CFO/026/18 "2018/19 Internal Audit Plan" Audit and Scrutiny Committee 7th June 2018.

GLOSSARY OF TERMS

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Liverpool
City Council

Internal Audit Service

Merseyside Fire & Rescue Service -
Internal Audit Progress Report 2018/19
January 2019



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3	Audits in Progress up to January 2019	3
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1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) are the mandated professional standards in place for internal audit in local government and govern the work undertaken by the Internal Audit Service. PSIAS sets out the requirement for the Head of Internal Audit to periodically report to the Audit and Governance Select Committee about the audit plan and progress against the plan.
- 1.2 The purpose of this report is to provide the Audit Committee with an update on additions and amendments to the plan so far this year, and to provide an update on work undertaken during the year up to January 2019.

2. Audit Work Completed up to January 2019

- 2.1 The table below summarises the work completed during the financial year up to January 2019. This includes previous year’s work that was yet to be finalised at the time of the annual opinion in May 2018. The majority of the fundamental systems work is scheduled to take place between now and the end of April. Ordinarily, this work is performed in the final quarter to provide assurance on the control environment across the full financial year.
- 2.2 The audit opinion formed in respect of individual audits is separated between the control environment (the controls in place) and compliance (whether or not the controls have been adhered to). The corporate impact opinion is a measure of the significance of the findings to the organisation as a whole. An explanation of the level of assurance and corporate impact ratings are detailed below at section 5. None of these audits has resulted in a limited or no assurance opinion.

Table 1: Audits completed up to January 2019

Audit Title	Control Environment	Compliance	Corporate Impact
Medium Term Financial Plan (old year)	Substantial	Substantial	Minor
Budgetary Control (old year)	Substantial	Substantial	Minor
Procurement – National Resilience (old year)	Substantial	Substantial	Minor
Avon Review (Governance) (old year)	Substantial	Substantial	Minor
Review workshop arrangements for procurement of small value items*	<i>Draft</i>	<i>Draft</i>	<i>Draft</i>

Definition

*Draft - Draft report issued and awaiting management response prior to final opinion being issued.

- 2.3 **Procurement - National Resilience Initiative 17/18** - The objective of this audit review was to review the processes and controls that have been established as part of the new National Resilience Initiative. Testing focussed upon staff costs both within MFRS and other fire services, training costs, central support costs, transport and financial reporting. Testing identified that controls are generally satisfactory in those areas examined. One recommendation has been made in relation to the review of secondment agreements and we have been informed that this review is already in progress.

2.4 **Avon Review** - In July 2017, a Secretary of State report was published under section 10 of the Local Government Act (LGA) 1999, which identified failings in the areas of governance, leadership and culture at Avon Fire and Rescue Authority. The scope of this audit was therefore to examine existing arrangements within Merseyside Fire and Rescue Authority, based upon the directions issued to the Avon inspector, and to report on any areas of weakness. Our findings concluded that we could offer substantial assurance that controls were operating effectively. We identified a minor issue in relation to the Officers' Code of Conduct, in that, although it referred to the Nolan Principles, it did not explain them. We therefore made a recommendation to address this.

2.5 **Workshops - Corporate Cards** - The scope of the audit was to examine the controls in place that are designed to ensure expenditure incurred on the corporate cards is accurately recorded on the fleet management system and the financial ledger and that the usage and administration of the corporate cards within the department is appropriate and achieves value for money. The audit report is currently in draft, so it would be inappropriate to provide an overall opinion, until it has been agreed by management.

3. Audits in Progress up to January 2019

3.1 The table below shows the audits have commenced and are currently in progress.

Table 2: Audits in progress up to January 2019

Audit Title	Audit Stage
Debtors	Fieldwork
Creditors	Fieldwork
PFI - review of monthly payment and adjustment process between tripartite authorities	In Review
Review FPS Pension Administration controls	Fieldwork
Review data protection processes	Fieldwork
Management of Ancillary Fleet	In Review

3.2 **PFI Unitary Charge** - The scope of the audit is to determine what systems and procedures are in place to provide an adequate level of assurance that recovery of the unitary charge from Lancashire and Cumbria is accurate and paid within the specified time scale. Testing is ongoing.

3.3 **Pension Controls** - The scope of the audit is to ensure that new recruits are entered on the correct pension scheme, contributions are allocated correctly, variances are investigated, overtime is correctly classified and payments to leavers are correct. Testing is ongoing for this audit.

3.4 **Data Protection Processes** – This review focusses upon determining if roles and responsibilities, policies and procedures have been developed and implemented in line with Data Protection Act 2018 requirements. Testing will encompass reviewing, and ensuring privacy notices are in place and consent obtained where appropriate, and that data is collected and stored in line with minimum legislative requirements. It

will also consider whether subject access procedures are in place and whether data breaches are identified and reported in line with legislation.

- 3.5 **Ancillary Vehicles / Pooled Vehicles** – This review was scoped to assess whether the ancillary fleet is utilised and managed effectively and efficiently and to establish whether current operating practices represent best value. To do this we considered whether current records available offer sufficient detailed information to allow senior management to ensure that best use is made of the ancillary fleet. We also looked at other potential options available which could offer alternative, maybe more cost effective solutions. This audit commenced some time ago, but a decision was taken to wait until further system's data was available to enable further testing to be performed before providing an opinion. We hope to report on this audit shortly.
- 3.6 The remaining fundamental systems audit reviews are planned to take place between February and April, along with the audit of governance and delivery processes for the procurement of internal development of MFRS applications.

4. **Advisory Work**

- 4.1 Internal Audit is currently reviewing the authority's counter fraud policies to advise on whether any updates are necessary. We will also shortly performing a walk-through of the special services charging process to assess whether any efficiencies can be achieved.

5. Guidance on assurance levels

Control Environment Assurance – Opinion on the design and suitability of the current internal controls.	
Level	Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment
Good	There are minor control weaknesses that present low risk to the control environment
Acceptable	There are some control weaknesses that present a medium risk to the control environment
Limited	There are significant control weaknesses that present a high risk to the control environment
None	There are fundamental control weaknesses that present unacceptable level of risk to the control environment

Compliance Assurance – Opinion on the level of compliance with current internal controls.	
Level	Definition
Substantial	The control environment has substantially operated as intended.
Good	The control environment has largely operated as intended although some minor errors have been detected
Acceptable	The control environment has mainly operated as intended although errors have been detected
Limited	The control environment has not operated as intended. Significant errors have been detected
None	The control environment has fundamentally broken down and is open to significant error or abuse

Organisational impact – The potential impact on the organisation if the recommendations are not implemented.	
Level	Definition
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to moderate risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to a low level of risk. If the risk materialises it would have a minor impact on the organisation as a whole.

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUDIT COMMITTEE		
DATE:	14 FEBRUARY 2019	REPORT NO:	CFO/002/19
PRESENTING OFFICER	CHIEF FIRE OFFICER		
RESPONSIBLE OFFICER:	DEB APPLETON	REPORT AUTHOR:	JACKIE SUTTON
OFFICERS CONSULTED:	SLT		
TITLE OF REPORT:	CORPORATE RISK REGISTER SEPT-NOV 2018 UPDATE		

APPENDICES:	APPENDIX A: CORPORATE RISK REGISTER SEPT-NOV 2018 UPDATE
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Purpose of Report

1. To inform Members of the current risks contained within the Corporate Risk Register, the status of the risks and associated control measures, including any updates for the period September 2018 to November 2018.

Recommendation

2. That Members approve the updated Corporate Risk Register for 2018/19 which incorporates the current status of those risks to November 2018.

Introduction and Background

3. It is good practice to regularly review the internal and external risks to the on-going delivery of service by the Authority.
4. To that end, a Corporate Risk Register has been produced which focusses on the Mission and Aims of the Authority and aligns each risk to a specific aim. The Strategic Leadership Team (SLT) has reviewed the risks contained within the Corporate Risk Register and considered any new risks that might affect the Authority during 2018/19. The resultant risks have been scored against the original risk and re-scored following mitigation. The purpose of this report is to ask Members to review the updated Corporate Risk Register attached at Appendix 1 to consider any implications for the Authority.
5. SMG had previously considered the outcomes from an Internal Audit report from April 2017 that considered the Authority's approach to Risk Management. Overall compliance was found to be "Good", with some "Substantial" elements. The report also required the Authority to consider its risk appetite and tolerance and to ensure that the status of all risks is updated regularly. These actions have been completed.

Equality and Diversity Implications

6. There are no equality and diversity implications arising from this report.

Staff Implications

7. There are no specific staff implications arising from this report

Legal Implications

8. Management of corporate risk and the application of suitable mitigation strategies affords the Authority security that should a risk become an issue then suitable control measures are in place to mitigate any impact.

Financial Implications & Value for Money

9. There are no financial implications contained within this report.

Risk Management, Health & Safety, and Environmental Implications

10. The assessment and mitigation of risk is essential in ensuring a safe working environment for all MFRA employees and its agents and consideration of its actions on the environment is paramount.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

11. Knowledge of and response to a risk being realised is an essential component of ensuring that the Authority continues to deliver an effective and efficient service to the communities of Merseyside.

BACKGROUND PAPERS

CFO/111/11 If this report follows on from another, list the previous report(s)

GLOSSARY OF TERMS

MFRA Merseyside Fire and Rescue Authority

MFRS Merseyside Fire and Rescue Service



CORPORATE RISK REGISTER 2018/19

Aims: - 1) Excellent Operational Preparedness 2) Excellent Operational Response
3) Excellent Prevention & Protection 4) Excellent People

April 2018 – March 2019

Sept to Nov 18 update

CORPORATE RISK REGISTER 2018/19

MFRA RISK MATRIX

Increasing Impact B		Increasing Likelihood A				
		1	2	3	4	5
		Remote	Unlikely	Possible	Likely	Frequent
1	Slight	Manage for continuous improvement	Manage for continuous improvement	Manage for continuous improvement	Manage for continuous improvement	Manage for continuous improvement
2	Minor					Develop Reduction measures
3	Significant			Develop Reduction measures	Compulsory Risk reduction	
4	Major		Develop Reduction measures	Compulsory Risk reduction		
5	Massive	Develop Reduction measures	Compulsory Risk reduction			

Introduction

All organisations face risks that can impact on their operations, by establishing a systematic approach to identifying, assessing, and managing risk, Merseyside Fire and Rescue Authority (MFRA) intends to continually improve the organisation's governance, increase accountability and enhance overall performance.

The Director of Strategy and Performance reports directly to the Deputy Chief Fire Officer on matters relating to corporate risk management and maintains this risk register in collaboration with other members of the Strategic Management Group (SMG).

As part of this process the organisation considers the level and type of risk the Authority will accept while conducting its business and puts in place measures to reduce or eliminate that risk. This includes a careful evaluation of how risks affect the Authority's ability to achieve its Mission and Aims and its appetite for taking those risks.

The following categories of risk appetite are considered in relation to each identified Strategic Corporate Risk within this register:

- **Low** – The level of risk will not substantially impede the ability to achieve MFRA's Mission and Aims. Controls are prudently designed and effective.
- **Moderate** – The level of risk may delay or disrupt achievement of MFRA's Mission and Aims. Controls are adequately designed and are generally effective.
- **High** – The level of risk will significantly impede the ability to achieve MFRA's Mission and Aims. Controls may be inadequately designed or ineffective.

Risk Appetite by Strategic Corporate Risk Category

MFRA has an overall conservative risk appetite. The organisation will act in accordance with this to achieve strategic objectives and deliver high quality fire and rescue services to the people of Merseyside within a framework of reducing budget provision.

MFRA will employ sound risk management principles, transparent decision-making and effective communication to prioritise risk. The Authority manages seven strategic corporate risk categories to effectively supervise and ensure a safe and effective fire and rescue service that delivers prevention, protection and response services to Merseyside and beyond. MFRA has a low appetite for most types of risk (see table below), being aware of the need to ensure the prudent use of public money, maintain staff safety and deliver reliable and effective services.

CORPORATE RISK REGISTER 2018/19

Corporate Risk Category	Risk Appetite	Explanation
Budget and financial	Low	The appetite for Budget and financial risk is low. MFRA will exercise prudent management of its financial resources to achieve its mission. MFRA will maintain strong internal controls and ensure compliance with applicable legislation and accounting standards. MFRA will make prudent decisions to mitigate the financial impact of internal and external factors that affect it.
Legal and legislative	Low	The appetite for Legal and legislative risk is low. MFRA will always endeavour to comply with the laws that govern its activity and adopt appropriate governance processes. MFRA has no risk appetite for non-compliance with applicable laws and regulations.
Loss of strategic sites and assets	Moderate	The appetite for risk in relation to strategic sites and assets is moderate. Risk appetite in relation to vehicles and equipment is low, as safety and usability must be achieved through the use of detailed specifications of requirements. Risk appetite in relation to FRS sites (e.g. for a new fires station) is higher, as it is acknowledged the options are more limited and the end result in relation to the provision of a new fire station is not entirely predictable at the beginning of the process.
Environmental and Political	Moderate	The appetite for risk in relation to environmental and political matters is moderate. MFRA acknowledges that activity in relation to collaborative work with partners, for example, is not entirely predictable and some risks will be taken whilst attempting to improve service delivery or make savings through the use of new arrangements.
Loss of key staff	Moderate	The appetite for risk in relation to loss of key staff is moderate. MFRA recognises that it may need to adopt new and untried ways of working to deliver its services during periods of industrial action or reductions in the size of the workforce.
Technology	Low	The appetite for Technology risk is low. Information systems must support core MFRA functions with adequate capability, capacity, resiliency, and security from internal and external threats. The organisation relies on a mobile and technologically dependent workforce to carry out its Mission.
Procurement	Low	The appetite for Procurement risk is low. MFRA is bound by legislation and regulations that are designed to ensure that public finance is spent appropriately. As a result processes are designed to ensure that all procurement activity is properly governed and carried out in a way that ensures compliance.

CORPORATE RISK REGISTER 2018/19

Aims: 1) Excellent Operational Preparedness. 2) Excellent Operational Response. 3) Excellent Prevention & Protection. 4) Excellent People										
1.	Budget /Financial Risks	1.1	Insufficient staff to maintain current levels of operational planning, training and management of intelligence	1.1.1	1,2,3,4	Increased risk to all MFRS staff safety - increased numbers of injuries.	15	Resilience exists within departments to task staff with priority work steams in the event of insufficient staffing becoming a concern. Business Continuity Plans in place. April-Aug Update Above mitigation processes are still in place to be utilised as required. Some aspects of work were reduced during May, June and early July given spate conditions locally and support to northwest region. Sep-Nov Update Above mitigation processes are still in place to be utilised as required, however this period has not required resources to be released to extent during summer months.	12	AM Operational Preparedness
				1.1.2	1,2,3,4	increased risk of property loss	12		10	
				1.1.3	1,2,3,4	Reducing ability to respond or maintain competent workforce.	15		10	

CORPORATE RISK REGISTER 2018/19

1.	Budget/Financial Risks					15	<p>April-Aug Update No change this period</p> <p>Sep-Nov Update No change this period</p>		
		1.1.4	1,2,3,4	Reduced ability to maintain FF safety	15	<p><u>AM Response</u> Maintenance of competency is managed on station through SPA and the training planner for all operational staff. TRM staff utilise VAH to ensure appliances on fully staffed.</p> <p>April-Aug Update With the Vah agreement coming to an end in June 2018 the Authority has reviewed its staff distribution and subsequently brought forward planned structural changes at Liverpool City and Wallasey from Jan 2019 to Sept 2018 in order to align resources in the most effective manner.</p> <p>Sep-Nov Update Maintenance of competencies managed on station through SPA and the AMC training planner for all operational staff.</p>	10	AM Operational Response/ Preparedness	
		1.2	Insufficient staff to maintain current	1.2.1	1,2,3,4	Increased fires, deaths and injuries		MFRA continues to deliver its Home Safety Strategy, our	

CORPORATE RISK REGISTER 2018/19

1.	Budget/Financial Risks		prevention and protection work. Inability to maintain performance (e.g. Care Act)				15	<p>focus is targeted at the over 65's and those who are most vulnerable, we have seen advocate performance lift by over 45% this past year and we continue to monitor ADFs and Fire Fatalities through PMG.</p> <p>The impact of the Grenfell Tower Fire is yet to be fully understood but there is the likelihood of increased Protection teams as such a review is underway</p> <p>April-Aug Update Community Safety and Community Prevention departments are scoping restructure to offset any risk of insufficient staff. Recruitment strategy has been developed in collaboration with relevant internal partners.</p> <p>Sep-Nov Update Restructure options are currently being considered</p>	10	AM Community Risk Management
		1.3	Insufficient FF's to maintain current levels of response and current number of fire	1.3.1	1,2,3,4	Increased risk of property loss in the community	15	MFRA undertakes continual review, analysis and testing of necessary operational response changes resulting	10	

CORPORATE RISK REGISTER 2018/19

1.	Budget/Financial Risks		stations				15	<p>from budget reductions to ensure effectiveness against Authority response standards.</p> <p>April-Aug Update With the Voluntary additional hours (VAH) agreement coming to an end in June 2018 the Authority has reviewed its staff distribution and subsequently brought forward planned structural changes at Liverpool City and Wallasey from Jan 2019 to Sept 2018 in order to align resources in the most effective manner.</p> <p>Sep-Nov Update No change this period</p>	10	AM Operational Response
				1.3.2	1,2,3,4	Increased fires, deaths and injuries	15	<p>MFRA undertakes continual review, analysis and testing of necessary operational response changes resulting from budget reductions to ensure effectiveness against Authority response standards.</p> <p>April-Aug Update With the Vah agreement coming to an end in June 2018 the Authority has reviewed its staff distribution and subsequently brought forward planned structural changes at</p>	10	AM Operational Response

CORPORATE RISK REGISTER 2018/19

1.	Budget/Financial Risks						Liverpool City and Wallasey from Jan 2019 to Sept 2018 in order to align resources in the most effective manner.		
		1.4	Pay increases-impact on ability to maintain a balanced budget	1.4.1	1,2,3,4	<p>The 2017/18 MTFP assumes 1% annual pay increase for all staff in 2017/18 to 2019/20 and then 2% thereafter.</p> <p>Each additional 1% increase in pay equates to approximately £0.3m for firefighters and £0.1m for other staff.</p> <p>The 2017/18 – 2019/20 agreed pay offer for all non-firefighters has been settle as per the MTFP (1%,2%,2%). The Firefighter pay award for 2017/18 – 2019/20 has yet to be settled.</p>	<p>Sep-Nov Update No change this period</p>	9	Treasurer

CORPORATE RISK REGISTER 2018/19

							No change this period		
	1.5	Insufficient support staff to maintain services to front line and maintain good governance.	1.5.1	1,2,3,4	Reduced ability to maintain fleet, PPE, pay FF's and maintain the buildings.		<p>Processes are redesigned when cuts to staffing are made Stopping performing specific activities considered Remaining staff are trained in processes/services that are still required</p> <p>15 April-Aug Update Voluntary severance allows managers to access which roles they can manage without but also can revisit if this becomes a capacity issue. As a result the mitigation risk score has reduced but as MFRA don't know what future changes there may be to funding the risk will remain.</p> <p>Sep-Nov Update No change this period</p>	6	SLT
	1.7	Loss of National Resilience funding from Home Office			Loss of operational response/service/training/lack of equipment/vehicles not maintained.		<p>Utilising MFRS resources to fulfil Role and responsibilities.</p> <p>Budget constantly reviewed with Home Office Colleagues</p> <p>15 April to Aug update</p>	12	AM Operational Preparedness

							<p>Assurances have been sought from Home office on the longevity of the current grant agreement. Subject to Ministerial approval the NR grants will be confirmed for a defined period. This provides reassurance for a longer period and reduced this risk at this time. Discussions ongoing with DEFRA in relation to one funded post due to conclude March 2019 this remains a risk for the post holder.</p> <p>Sep-Nov Update Cognisance of New Dimension 2 project in regards to long term asset provision for National Resilience. The findings of the project review may have a bearing on future grant provision from Home Office.</p>	
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CORPORATE RISK REGISTER 2018/19

	1.8	Changes to insurance discount rates	1.8.1	1,2,3,4	Increased insurance premiums	15	<p>This is largely out of the control of MFRA but careful negotiation and management of all contracts assist with mitigating the effect.</p> <p>April-Aug Update No change this period</p> <p>Sep-Nov Update No change this period</p>	12	Director of Legal, Procurement & Democratic Services
	1.9	The impact of unfavourable trade deals with the EU following UK exit in March 2019	1.9.1	1,2,3,4	<p>If the UK leave the EU in March with an unfavourable trading relationship this will have an adverse effect on the supply of goods imported from EU countries.</p> <p>Prices are likely to increase putting strain on budgets, lead times may be extended, shortage and scarcity of parts due to border hold ups, organisations stockpiling and starving supply, contractors failing.</p>	20	<p>Procurement are contacting critical suppliers to seek details of action they will take to maintain supplies post Brexit, whatever the agreement.</p> <p>April-Aug Update No change this period</p> <p>Sep-Nov Update As far as possible assurances have been given by suppliers that supply chains will remain open. However there is still uncertainty moving forward.</p>	15	Director of Legal, Procurement & Democratic Services

CORPORATE RISK REGISTER 2018/19

Aims:		1) Excellent Operational Preparedness.		2) Excellent Operational Response.		3) Excellent Prevention & Protection.		4) Excellent People		
2.	Legal & Legislative Risks	2.1	Non-compliance with the National Framework	2.1.1	1,2,3	Damage to MFRS reputation. Impact on public and partner goodwill.	15	The IRMP process is thorough and consulted on widely. SWOT and PESTEL activities are carried out. Community risks are assessed and strategies and processes adopted to deal with them in the Home Safety Strategy. Data is analysed and considered.	8	SLT
				2.1.2	1,2,3	Inability to respond to major national resilience incidents	15		8	SLT
				2.1.3	1,2,3	Increased fires, deaths and injuries	15		12	SLT
2.	Legal & Legislative Risks	2.2	Corporate Manslaughter Act	2.2.1	1,2,3,4	Sanctions, fines and or arrests resulting from death of Personnel	25	This can be mitigated to some degree by correct application of SOP's. Service Instructions, training and Health and Safety legislation to avoid injury and damage.	12	SLT
								April-Aug Update Processes and guidance are regularly reviewed and updated. All Health and Safety events are reviewed and any learning incorporated in future guidance.		
								Sep-Nov Update No change		

CORPORATE RISK REGISTER 2018/19

2.	Legal & Legislative Risks						No change this period			
		2.3	Changes introduced by the Localism Act 2011	2.3.1	1,2,3,4	Judicial Review – other legal challenges	15	<p>This can be mitigated to some degree by careful consideration of consultation outcomes and other forms of community input into decisions. However any person can apply for JR regardless of the perceived merits or otherwise of such an application.</p> <p>No challenges in the form of Judicial Review or other have been received within this period.</p> <p>April-Aug Update No challenges as in the previous period</p> <p>Sep-Nov Update No challenges as in the previous period</p>	8	Director of Legal, Procurement & Democratic Services
		2.4	Equality Act - not maintaining compliance with the Public Sector Equality Duty	2.4.1	4	Potential impact on reputation Potential legal action	15	<p>The Equality and Diversity Policy is regularly reviewed (most recently 2017)</p> <p>An Equality Action Plan has been in place for five years, with outcomes and risks reviewed in full every year and progress monitored quarterly</p>	8	

2.	<p>Legal & Legislative Risk</p>						<p>An E&D Annual Report details outcomes in line with the Equality Act and Action Plan A Public Sector Equality Duty data report is produced annually and analysed to feed in the action planning process Equality Impact Assessments are carried out for plans, policies, guidance, instructions and organisational change A desk top exercise was carried out in 2016/17 to gather information in relation to the LGA Equality and Diversity Framework Two staff surveys have been carried out (2014 and 2016) and action taken to address concerns. Training and support is given to staff to assist them in complying with Equality and Diversity related duties.</p> <p>April-Aug Update Progress in delivering the ED&I action plan continues with the Annual Report and Workforce Data report (including Gender Pay Gap reporting) being completed during this quarter. These meet our PSED obligations. A review of staff networks and groups is due to take place</p>	<p>Director of Strategy & Performance</p>
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							<p>this year, and work has started on this. The governance arrangements for ED&I have been reviewed as part of the overall review of the meeting and governance structure and it is intended to involve managers in the delivery and planning of ED&I actions whilst maintaining a strategic commitment and steer on the subject through the new Strategy and Performance Board. Work continues on ED&I training for all staff.</p> <p>Sep-Nov Update Annual workforce data and ED&A annual reports were both published during this period.</p> <p>Black history Month and Interfaith week were both marked by successful collaborative events involving MFRS and police staff and guest speakers.</p> <p>The ED&I steering group and Strategy and Performance Board have agreed to a new approach to promoting and facilitating staff networks to improve engagement with</p>	
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CORPORATE RISK REGISTER 2018/19

								and between staff from protected groups to benefit the Service and the staff involved.		
		2.6	Policing and Crime Act 2017	2.6.1	2,3	Potential change to Governance	15	<p>April-Aug Update Police and Crime Commissioner (PCC) representative model on the Fire Authority.</p> <p>A business case would need to be completed and submitted to the Secretary of State. If disputed an independent panel would review the business case.</p> <p>Continue to maintain dialogue with the PCC through Blue Light Collaboration Programme Board and Fire Authority.</p> <p>Sep-Nov Update No change</p>	12	AM Preparedness
				2.6.2	2,3	Inability to deliver collaboration across Blue Light Services in line with Policing and Crime Act 2017	12	<p>April-Aug Update The Policing and Crime Act 2017 places a duty on MFRA to keep opportunities to collaborate under review and to collaborate with one another where it is in the</p>	8	AM Preparedness

							<p>interests of either their efficiency or effectiveness</p> <p>MFRA's position is therefore to consider collaboration where it provides for a more efficient and/or effective service, where it improves the safety of the public, or is in the interests of economy.</p> <p>This will be delivered and monitored through the MFRA commitment to the Blue Light Collaboration Team, the Blue Light Collaboration Programme Board, and all collaboration programmes recorded through the Local Collaboration Overview.</p> <p>Sep-Nov Update Quarterly reports submitted to Collaboration Board to outlining progress to date. On-going meetings to identify best practise and areas of collaboration within each Service.</p>		
	2.7	Increased Litigation costs	2.7.1	4	Staff shortages resulting in dissatisfaction of staff and customers, causing increases in claims.	15	<p>April-Aug update There has not been an increase in claims but the situation will continued to be</p>	12	Director of Legal, Procurement

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							monitored and any increases will be investigated.		& Democratic Services	
							<p>Sep-Nov Update No changes to the previous update.</p>			
				2.7.2	4	Increasing insurance and settlement cost provision	12	<p>April-Aug update Claims numbers, reserves and settlements are closely monitored and feedback is provided to the Treasurer. MFRA will tender for its general insurances for 2019 onwards in order to ensure value for money.</p> <p>Sep-Nov Update The insurance tender is currently underway and the outcome and any savings will be established in the next reporting period</p>	6	Director of Legal, Procurement & Democratic Services
				2.7.3	2,4	Increased incidents/costs/injuries whilst travelling under blue lights/speeding	12	<p>April- Aug update Close work with the Health and Safety team and ongoing training and development and development to manage these types of incidents.</p> <p>Sep-Nov Update As per the previous update this matter continues to be monitored via the Road Risk</p>	6	Director of Legal, Procurement & Democratic Services

CORPORATE RISK REGISTER 2018/19

							Review Group and relevant action taken.		
			2.7.4	2,4	Potential for increased litigation arising from shared premises with partners.	12	<p>April-Aug Update Close work with the Estates and Health and Safety teams and Workplace to manage any issues which arise.</p> <p>Sep-Nov Update This continues to be monitored and reviewed by the Workplace Review Group</p>	6	Director of Legal, Procurement & Democratic Services.
	2.9	Failure to comply with Government Transparency agenda	2.9.1	1,2,3	Damage to reputation of MFRS by not publishing policies and data as required	12	<p>April-Aug Update A Transparency Service Instruction has been produced to set out the Authority's commitment There is a transparency section on the website with advice and guidance as well as the data that the Authority is required to publish</p> <p>Sep-Nov Update No change</p>	8	SLT

CORPORATE RISK REGISTER 2018/19

		2.10	Health & Safety audits, failures and investigations	2.10.1	1,2,3	H&S audits, failures and investigations from HSE resulting in sanctions and or fines	15	<p>MFRA has a robust suite of H&S audits with findings responded to by the central team in liaison with Estates. All incidents follow an investigatory process to maximise learning which includes advice from Legal to ensure protection.</p> <p>April-Aug Update No change this period</p> <p>Sep-Nov Update No change during this period</p>	10	AM Operational Preparedness & Operational Response
		2.11	Lead Authority for National Resilience	2.11.1	1,2,3,4	Increased responsibility and liability; capacity issues and reputational risk.	15	<p>Mitigation in part through careful contract management.</p> <p>April-Aug Update No change this period</p> <p>Sep-Nov Update No change this period</p>	10	Director of Legal, Procurement & Democratic Services.
		2.12	Recruitment of Trainee Firefighters with limited driving experience who are contracted to undertake EFAD driving.	2.12.1		Increased risk of fire appliances being involved in collisions due to inexperienced drivers being required, under contract, to drive fire appliances for routine and response activity. Recruitment application only requires the applicant to hold	15	<p>Competency will be managed through the driving school with assessment and development plans being tailored to the individual. Trainees will not be time-bound on when EFAD driving is first undertaken following LGV qualification. It will be</p>	10	Director of HR, AM Operational Preparedness

CORPORATE RISK REGISTER 2018/19

						a valid driving license and does not account for longevity, experience or type of vehicle they have driven.		<p>the Driving School Manager who will decide how long LGV routine activity driving will take place prior to EFAD qualification to allow less experienced individuals to gain the required road knowledge.</p> <p>Sep-Nov Update No change during this period</p>			
		2.13	Insufficient experienced staff to manage existing Primary Authority Partnerships	2.13.1	1,2,3	Damage to MFRS reputation with the business partner and the government Department of Business, Energy and Industrial Strategy.		<p>Resilience is provided to ensure that any loss of key staff facilitating the partnership is minimised. In addition, there is evaluation on the workload involved in managing the partnership and gauging capacity to take on any further partnerships.</p> <p>Sep-Nov Update No change this period</p>		9	AM Community Risk Management
		2.14	Insufficient experienced, qualified staff to deal with serious fire safety complaints 'out of hours'.	2.14.1	1,2,3,4	Potential for MFRA to be unable to serve prohibition or restriction notices on premises out of office hours when the use of the premises involves or will involve a risk to the relevant persons so serious that use of the premises ought to be prohibited or restricted.		<p>Senior Officers in Protection when scheduled on cover can provide this facility to respond out of hours; providing they are not engaged at an operational incident. Article 31 Officers provide some additional limited support to assess complaints but are not warranted officers or deemed competent under the Fire</p>		9	AM Community Risk Management

CORPORATE RISK REGISTER 2018/19

Aims: 1) Excellent Operational Preparedness. 2) Excellent Operational Response. 3) Excellent Prevention & Protection. 4) Excellent People										
								<p>Protection Competency Framework. Recall to duty provides some resilience but availability is not guaranteed. Potential for assistance from a neighbouring Fire and Rescue Service.</p> <p>Sep-Nov Update No change this period</p>		
3.	Loss of Strategic sites/Assets	3.1	Loss of strategic sites/assets and inability to provide services to Merseyside	3.1.1	1,2,3,4	Inability to respond to major local and national resilience incidents	20	<p><u>Treasurer</u> Finance Staff can operate applications from any MFRS site. Application hosted externally with ABS having fall back sites as well.</p>	8	Head of Technology, Treasurer, AM Operational Preparedness
		3.2	Loss of FSHQ, FIRE CONTROL, TADA, fire stations and National Resilience Control	3.2.1	1,2,4	Inability to respond, delay in providing core services	20	<p><u>Head of Technology & AM Operational Preparedness.</u> Secondary Fire Control is available at TDA for relocation and '999's can be diverted regardless of the availability of SHQ.</p>	8	
		3.3	Loss of utilities due to infrastructure failure.	3.3.1	1,2,3,4	Inability to provide core services temporarily whilst fall-back site is brought online	20	<p>A fall-back 'buddy' agreement is in place with Surrey FRS and BT to redirect and manage emergency 999 calls during periods of outage, spate and spike.</p> <p>Enhanced buddy arrangements with Surrey</p>	8	Head of Technology, Treasurer, AM Operational Preparedness

3.	Loss of Strategic Sites/Assets						<p>including DEIT are under investigation</p> <p>Apr- Aug2018 No change this period – <i>Head of Technology & AM Operational Preparedness.</i></p> <p>Sep-Nov Update No change this period – <i>Head of Technology & AM Operational Preparedness</i></p>		
		3.4	Protective security-potential risks resulting from non-compliance with FRS Protective Security Strategy.	3.4.1	1,2,3,4	Potential security risk in relation to all FRS assets, particularly in relation to Personnel, information and premises risk.	<p>20</p> <p>A Protective Security Group is led by the DCFO and includes representatives of several departments with security responsibilities. There is a Protective Security Policy and three Service Instructions that deal with Information, Physical and Personnel security In 2017/18 an Internal Audit review of arrangements will take place.</p> <p>April-Aug Update The Protective security Group continues, now chaired by the Data Protection Officer to ensure governance for data protection matters. A gap analysis of our approach to</p>	9	Director of Strategy & Performance

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							<p>protective security (against the national security strategy) is being reviewed, but initial findings are that the organisation is well placed in terms of its compliance.</p> <p>Sep-Nov Update The Protective Security Group considered the gap analysis referred to above and agreed that it shows MFRS to be in a good position.</p> <p>Internal Audit started an audit of the Service's response to GDPR during this quarter. Results are expected in the next quarter.</p>	
			3.5.2	1,2,3,4	Saughall Massie	25	<p>Planning permission has now been received for Saughall Massie and Authority approval will be sought later in 2017 for the build to commence, once the land has been obtained.</p> <p>April-August Update Work started on site on 11 June 2018 with an estimated completion date of 29 April 2019.</p> <p>Sep – Nov Update</p>	6

CORPORATE RISK REGISTER 2018/19

								Works remains on programme with a 22 nd April 2019 completion date.	
				3.5.3	1,2,3,4	St Helens		<p>In St. Helens a suitable site has been identified & negotiations are currently underway to resolve the various issues that are currently preventing progress. If this site falls through, an alternative site will be sought. If nothing appropriate can be found, Eccleston will close completely and the current St. Helens site continue to be utilised for response in the wider St. Helens area.</p> <p>25</p> <p>April-Aug Update Negotiations continue to acquire the site, subject to the cost of building works being affordable. The results of the recently completed site investigation works will assist in determining affordability.</p> <p>Sep-Nov Update Approval to proceed with this scheme was given by the Authority on 18th October 2018. A planning application to build the new community fire station has been</p>	12

CORPORATE RISK REGISTER 2018/19

							submitted to St. Helens Council with a decision expected by 16 th January 2019. It is essential that the land purchase from Pilkington is finalised & paid before 31 st March 2019 as Pilkington have threatened to withdraw the land if this deadline is not met.	
		3.6	Potential elevated target risk for terrorist action in regards to cyber crimes	8.1.1	1,2,3,4	Loss of Fire Control ICT services and information assets	See 6.2 and 6.9. As a further mitigation, cyber security is also increased by having the Fire Control infrastructure on its own firewalled network, with limited access in and out. However, ICT, at this point in time, would increase the risk level from 6 to 12 in line with other cyber risks (6.2 and 6.9). April-Aug Update Apr- Aug2018 In line with the Emergency Services Mobile Communications Programme (ESMCP) – following an Information Technology Health Check (ITHC) – the	Head of Technology

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Aims: 1) Excellent Operational Preparedness. 2) Excellent Operational Response. 3) Excellent Prevention & Protection. 4) Excellent People										
								<p>station turnout equipment is being replaced. This project has now underway.</p> <p>Sep-Nov Update Station turnout - A two-station POC has been successfully completed and the remaining Multitone equipment is being procured for rollout.</p>		
Page 94	Environmental And Political	4.1	Increase in Environmental incidents resulting in the inability to respond	4.1.1	1,4	HSE and legislative impacts from illegal discharges (impact from fire-fighting activity)	15	<p>Action plans are in place with Fire Control to inform the Environment Agency when operational activity may impact the environment to assist with mitigation. HMEPO support officers are available across all flexi duty groups to support incident commanders.</p> <p>April-Aug Update No further update this period</p> <p>Sep-Nov Update No change this period</p>	10	AM Operational Response
		4.2	Insufficient water pressure resulting in the inability to fight fires effectively.	4.2.1	1,2	Potential for major consequences, FF injuries	25	<p>High volume pumps (HVP's) and hose layer units available to support water supplies. Additional</p>	4	

Environmental And Political							<p>HVP's available via NCAF arrangements.</p> <p>Availability of mapping for water mains to be accessible on the command support unit. Currently awaiting sign off of a Data Licence agreement with United Utilities to share "Safe Dig" Software</p> <p>April-Aug Update Water main mapping is now available on MDTs for operational crews.</p> <p>Sep-Nov Update No change during this period</p>		AM Operational Preparedness
	4.3	Changing demographics in Merseyside brings about a changing in vulnerability profile and higher unemployment.	4.3.1	1,2,3	Increased economic costs from increases in arson	15	Increased economic costs from increases in arson – The arson reduction strategy focuses multi-agency community safety campaigns in high demand wards in order to support and community cohesion, develop community resilience and reduce the tolerance of anti-social behaviour (ASB), domestic abuse (DA), serious organised crime (SOC) and the associated deliberate fire setting.	12	AM Community Risk Management
			4.3.2	1,2,3	Increased economic costs from increases in fraud.	15		12	
			4.3.3	1,2,3	Increased incidents eg. fires	15		12	
			4.3.4	1,2,3	Increased antisocial behaviour (ASB)	15		12	
						Increased economic costs			

	<p>Environmental And Political</p>							<p>from increases in fraud – The communications and media post will raise awareness of community safety priorities coordinating media messages and campaigns across a digital platform.</p> <p>Increased road traffic collisions (RTC) – As above (but add 50% Merseyside Road Safety Partnership funded).</p> <p>Increased antisocial behaviour (ASB) – The arson reduction strategy focuses multi-agency community safety campaigns in high demand wards in order to support and community cohesion, develop community resilience and reduce the tolerance of ASB, DA, SOC and the associated deliberate fire setting. The Street Intervention Team are also deployed via the Voluntary Organisation Support Service (VOSS) and Merseyside Police to engage and divert children and young people away from anti-social behaviour and towards more meaningful activities.</p> <p>Increased incidents e.g. Fires –</p>		
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CORPORATE RISK REGISTER 2018/19

Environmental And Political						15	<p>Community Risk Management risk reduction strategies are designed to put measures in place to reduce risk and mitigate high call demand outputs and outcomes are reported via Performance Management Group.</p> <p>April-Aug Update There is no change in the risk mitigation measures as described for this period.</p> <p>Sep-Nov Update No change</p>		
	4.4	Reputation	4.5.1	1,2,3,4	Negative changes to the Community perception of MFRS may be detrimental to Prevention, protection and partnership activities eg. failure to deliver safety messages.	15	<p>Corporate Communications activity is focussed on protecting the reputation of the Service whilst providing advice and guidance to communities and promoting the services provided Social media is closely monitored (but not 24/4). Press and media queries are dealt with promptly with senior officers providing information Events are promoted and provided with communications support</p>	12	Director of Strategy and Performance

							Staffing levels are relatively low when compared with other FRS's.		
							<p>April-Aug Update The additional temporary resource employed during 20-17/18 has now ended, but it has been possible to create an additional part time post, taking the size of the team to 2.5 posts. This remains low when compared with other FRSs, but the team work well with other departments to prioritise activity and have been collaborating with the Police to share best practice and experience. The communications strategy will be reviewed and revised to take account of current risks, aspirations and opportunities.</p> <p>Sep-Nov Update No change</p>		
		4.5	Increased flood risk	4.6.1	1,2	Ability to respond to major flooding incidents from spate conditions.	15	10	AM Operational Preparedness & Operational Response
		4.6	Extreme Weather	4.7.1	1,2	Spate conditions will impact on ability to respond	15	10	

							<p>national flood response.</p> <p>Additional resources are available to the Service if required for increased levels of activity. Increased Alert Level protocols can be implemented by Senior Officers for anticipated events.</p> <p>April-Aug Update Resources remain available to respond to major flooding incidents. Service Increased Alert Level meetings can also be utilised during extended periods of spate conditions e.g. recent wildfires to monitor and minimise impact on response. Additionally GM Staffing Officer can attend Fire Control during spate conditions.</p> <p>Sep-Nov Update No change during this period</p>		<p>AM Operational Preparedness & Operational Response</p>
4.7	Civil Unrest	4.8.1	1,2,3	Inability to respond effectively to civil unrest	15	<p>MFRS continually liaises and trains with Merseyside Police and other agencies through formal Local Resilience Forum channels to ensure a coordinated approach to Civil</p>	10	<p>AM Operational Preparedness & Operational Response</p>	

							<p>Unrest following the principles of JESIP (Joint Emergency Services Interoperability Protocol).</p> <p>April-Aug Update Training continues and is programmed in annually to ensure MFRS's ability to effectively respond to incidents of civil unrest. The Government is considering how it might deal with civil unrest in a "no deal" scenario on the exit of the UK from the European Union</p> <p>Sep-Nov Update Task and finish group chaired by L.A Technical notes issued and reviewed by MRF. Workshop on behalf of Central Government to be held at TDA January 2019</p>	
4.9	Air pollution charges - Report/regulations due out July 2017 on City Centre car charges for diesel vehicles	4.9.1	1,2,3	Cost of MFRS ancillary vehicles entering City centre zone – anticipate fire appliances will be exempt.			<p>MFRS Transport Manager will closely monitor the situation</p> <p>April-Aug Update No change this period</p> <p>Sep-Nov Update At present there is no further information on a congestion</p>	AM Operational Preparedness

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							charge for Liverpool City area, LCC are continuing with air pollution monitoring		
	4.10	Fuel Strike			Loss of fuel available due to strike. Critical services only to utilise MFRS diesel tanks.		<p>Merseyside Resilience Forum Fuel plan for strike conditions. MFRS fuel tank supplies utilised for critical services only during strike conditions</p> <p>April-Aug Update MRF Fuel Plan is currently under review and provisions have been made for priority MFRS users to access designated filling stations.</p> <p>Sep-Nov Update MRF Fuel Plan completed. MFRS business continuity plan updated. MFRS old underground tanks have been decommissioned. Above ground tanks are being upgraded Jan 2019 which will provide resilience supplies for critical services only in a fuel strike situation. Priority fuel user passes distributed.</p>		AM Operational Preparedness
	4.11	Diesel fuel vehicles being phased out in the future	4.11.1	1,2,3	Impact on fleet and lease vehicles		<p>Long term planning for vehicle and asset refresh.</p> <p>April-Aug Update No change this period</p>		AM Operational Preparedness

CORPORATE RISK REGISTER 2018/19

Aims: 1) Excellent Operational Preparedness. 2) Excellent Operational Response. 3) Excellent Prevention & Protection. 4) Excellent People										
								<p>Sep-Nov Update It is becoming difficult to purchase the vehicles that run with diesel engines due to the new emission regulations. This is likely to increase the capital receipts for vehicle purchases.</p>		
5.	Loss of Key staff	5.1	Sudden Mass Absenteeism Pandemic, Strike, CBRNE incident, significant incident	5.1.1	1,2,3,4	Loss of Key staff, Inability to provide core services	15	<p><u>AM Response</u> The Authority maintains a resilience team capable of providing the necessary operational response provision as required within the 10 key locations during contingency situations. In addition section 13-16 arrangements are maintained to supplement internal resilience arrangements.</p> <p>April-Aug Update The above arrangements are still extant if required</p> <p>Sep-Nov Update No change during this period</p>	10	AM Operational Preparedness & Operational Response
		5.2	Industrial Action resulting in the Inability to provide suitable response	5.2.1	1,2,3,4	Inability to attend incidents, provide core services		The Authority maintains a resilience team capable of providing the necessary operational response provision as required within	12	Director of POD

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							the 10 key locations during contingency situations. In addition section 13-16 arrangements are maintained to supplement internal resilience arrangements. April-Aug Update No change this period Sep-Nov Update No change this period			
		5.3	Change resulting in loss of Key staff and increasing workloads to set strategy and deliver services	5.3.1	1,2,3,4	Loss of key skills, lack of momentum going forward, reduced ability to respond to changes.	15	The Authority continues to manage its staffing requirements through the Workforce strategy group, appraisal process, and Gateway promotion process. All combining to identify potential staff or skill shortage, and ensure adequate training, promotion or recruitment to address those needs April-Aug Update No change this period Sep-Nov Update No change this period	12	Director of POD
Aims: 1) Excellent Operational Preparedness. 2) Excellent Operational Response. 3) Excellent Prevention & Protection. 4) Excellent People										

6.	Technology Risks	6.1	Management of 3rd Party Technology Suppliers Software & Applications Training requirements.	6.1.1	1,2,3,4	Loss or reduction in the quality of services provided	<p>12</p> <p><u>ICT</u> telent, under the contract and the internal ICT client team manage suppliers to achieve the required service levels and ensure suppliers are appropriate to support the needs of MFRA, both across the ICT infrastructure <i>and</i> the commodity & fire control applications used by the Authority. This ensures the suppliers deliver continuous service improvement, show best value and are fit for purpose to meet the business needs.</p> <p><u>System Support</u></p> <p>There will be an individual update for this area in future reports</p> <p><u>Finance & HR</u></p> <p>There will be an individual update for this area in future reports</p> <p>Apr- Aug2018 These areas continue to be considered as part of the preparation for the implementation of the</p>	6	<p>Head of Technology</p> <p>Director of Strategy & Performance</p> <p>FMIS Manager</p>
6.	Technology Risks								

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6.							<p>General Data Protection Regulation in May 2018. - <i>Director of Strategy and Performance</i></p> <p>Sep-Nov Update <i>No change this period - Director of Strategy and Performance</i></p>		
	6.2	<p>Infrastructure sharing with partners. Security from Virus and hacking, loss of data (Laptops, CD etc.).</p>	6.2.1	1,3,4	Data compromised, loss of data, complaints, legal action, fines	15	<p><u>Director of Strategy & Performance</u> ICT and Information Management Strategy Group considers and responds to strategic risks A Protective Security Group focuses on information security Governance arrangements for applications were been reviewed and formalised in 2016.</p> <p>April-Aug Update <i>No change this period - Director of Strategy and Performance</i></p> <p>Sep-Nov Update The Protective Security group remains unchanged, but the ICT and Information Management Strategy Group</p>	12	<p>Head of Technology</p> <p>Director of Strategy & Performance</p>

6.	Technology Risks	6.3	The inability to keep pace with technology changes.	6.3.1	1,2,3,4	Loss or reduction in the quality of services provided		has been replaced by the quarterly ICT/information-focused Strategy and Performance Board and the other more specific groups sitting below that Board.	
							15	<p>MFRA has forgone a concrete roadmap for its newly launched ICT strategy and has instead adopted a strategic framework which reviews planned activities and outcomes in a yearly cycle of meetings. This ability to 'evolve' the strategic outcomes allows the Authority to match the fast pace of change in the ICT sector, taking advantage of appropriate innovations, whilst having an ICT infrastructure that is robust, secure, reliable and resilient.</p> <p>For this reason, our ICT strategy is encapsulated in our ICT strategic framework and our asset management plan, and is then aligned to wider organisation strategy at the 'ICT and Information Management Strategy' meetings.</p>	12

	Technology Risks						<p>April-Aug Update Fire & Police attend each other's ICT strategy and planning meetings. Each acting as a critical friend / devil's advocate, but also hopefully be exposed to new ideas and different ways of working</p> <p>Sep-Nov Update No change this period</p>	
		6.4	Poor data/information management resulting in loss of data, legal redress from Information Commissioner. Particularly in relation to failure to implement the General Data Protection Regulation.	6.4.1	1,2,3,4	Data compromised, loss of data, complaints, legal action, fines	15	<p>There are policies for Information Security and Governance, Acceptable use of ICT equipment and Protective Security. There are also several Service Instructions covering the key issues associated with this, including data protection, retention period, destruction of information assets, records management and Freedom of Information. Work has commenced to implement the General Data Protection Regulation with a working group considering its implications. This includes: Developing an information asset register, privacy impact assessments, access to</p>

6.	Technology Risks																					
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information and the role of the Data Protection Officer. Collaborative work with Merseyside police and other FRAs is being considered to share best practice.

April-Aug Update

A small team worked with colleagues throughout the organisation to implement the requirements of the GDPR and Data Protection Act 2018. Work continues to refine and develop our approach.

There was a breach of the Act during this period which involved some personal data being visible on the network to staff that did not need to have access. Although this was regrettable, action was taken quickly to mitigate the impact address the issues. This resulted in a shut-down of the folders concerned by the Data Protection Officer, an assessment of the information, a rebuild with only essential information, a change to POD procedures, guidance to staff and checks by senior managers. Feedback from the Information

							Commissioners Officer is awaited.			
							<p>Sep-Nov Update Liverpool City Council Internal Audit team have commenced an audit of MFRS's approach to GDPR, the results will be reported back in the next quarter</p>			
		6.5	The Emergency Services Mobile Communication Programme (ESMCP) and transition to the emergency services network	6.5.1	1,2,3	Radio voice services cannot be guaranteed for the transition	16	<p>ESMCP will replace the communication service delivered by Airwave with a national mobile communication service for all three emergency services.</p> <p>The ESMCP presents a high-risk potential for MFRA, dependent on external factors beyond its day-to-day control; the main issue being slippage at the national level.</p> <p>The Home Office will continue to work closely with FRSs & Airwave to ensure that our current voice communication network remains in place and effective.</p> <p>ICT staff regularly attend ESMCP updates at Fire Control</p>	9	Head of Technology

							<p>North West to gain the latest information on the progress of the project and maintain a watching brief to ensure any opportunities to influence national/regional aspects of ESMCP are taken.</p> <p>The project risks are being managed by the MFRA ESMCP project board and a national programme risk register is maintained by the Home Office central team.</p> <p>A key risk mitigation is that Motorola have bought Airwave as a company.</p> <p>April-Aug 2018 Update Home Office have also extended Marconi, EE and Airwave supplier contracts until 2023 to reduce transition risks during migration</p> <p>Sep-Nov Update No change this period</p>		
		6.7	Withdrawal and transition arrangements from SOPHTLOGIC to new MIS for Community Fire Protection.	6.7.1	1,2,3,4	Robust transitional arrangements are required to ensure the Authority can carry out its statutory duty as the Enforcing Authority under the RRO (Fire Safety) 2005.	15	12	Director of Strategy & Performance

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							transitional arrangements remain part of that process.		
							<p>April-Aug Update The process of developing the alternative application has begun. The transitional arrangements are maintained in the meantime.</p> <p>Sep-Nov Update No change</p>		
	6.9	Increase potential for Cyber Attack as we move to the Cloud			Loss or reduction in the quality of services provided	15	<p>ICT deploys a number of security measures to protect our networks and information; See 6.2.</p> <p>In addition to these measures, members of ICT have joined the Cybersecurity information Sharing Partnership (CiSP), which is a joint industry and government forum for cybersecurity practitioners to share advice and warnings.</p> <p>April - Aug Update As part of the ITHC we have undertaken a review of our hybrid Azure arrangements and the report from the subject matter expert is anticipated in the coming weeks.</p>	12	Head of Technology

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								<p>Sep-Nov Update The first draft of the report - which is a security review of the Azure application SIRAH, in terms of its implementation and architecture within MFRS ICT infrastructure - has been received. The report is now in circulation for comments and feedback.</p>	
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		6.10	Loss of system signal to Vesty building			In extreme weather (fog or snow) and if foliage is overgrown there is a loss of systems in the Engineering Centre		<p>Business Continuity plans are in place for these eventualities.</p> <p>April-Aug Update 3g Dongles and mobiles where issued to workshops. A new solution has been identified and permission is being sort from the Vesty landlord to erect a pole as part of the solution. Once approved installation will begin.</p> <p>Sep-Nov Update The new temporary link has been established and is working fine at present. The dongles and phone has been taken back by Telent. The new mast has been approved but as of yet has not been fitted</p> <p>Commercials and landlord permission has been agreed for the provision of a new Wide Area Network linking Vesty to SHQ – <i>Head of ICT</i></p>		AM Operational Preparedness Head of Technology
<p>Aims: 1) Excellent Operational Preparedness. 2) Excellent Operational Response. 3) Excellent Prevention & Protection. 4) Excellent People</p>										
7.	Procurement	7.2	Poorly Managed contracts/Partnerships the Financial impacts, onerous T&Cs	7.2.1	1,2,3,4	Negative impact on service delivery, legal issues, poor quality Partnerships undertaken	12	Regular, documented contract management in place for key contracts with priorities agreed between the Authority and the supplier.	8	Director of Legal, Procurement & Democratic Services

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						April-Aug Update No change this period Sep-Nov Update No change this period			
	7.3	Key suppliers of goods and services ceasing to trade	7.3.1	1,2,3,4	Immediate impact on availability of goods and services required to operate efficiently, legal issues, alternative sources of supply needed.	15	Use of Creditsafe alerts to identify and financial changes to contracted suppliers. April-Aug Update No change this period Sep-Nov Update No change this period	12	Director of Legal, Procurement & Democratic Services

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