

# West Midlands Fire and Rescue Authority

## Audit Committee

**You are summoned to attend a meeting of the Audit Committee to be held on Monday, 04 September 2017 at 12:30 at Fire Service HQ, 99 Vauxhall Road, Nechells, Birmingham B7 4HW for the purpose of transacting the following business:**

### Agenda – Public Session

<b>1</b>	To receive apologies for absence (if any)	
<b>2</b>	Declarations of interests	
<b>3</b>	Minutes of the Audit Committee held on 24 July 2017	<b>3 - 8</b>
<b>4</b>	Audit Committee Update	<b>9 - 22</b>
<b>5</b>	Corporate Risk Update	<b>23 - 72</b>
<b>6</b>	Minutes of the Pension Board held on 20 July 2017	<b>73 - 78</b>
<b>7</b>	Pension Board Amended Terms of Reference Covering Report 2017.18	<b>79 - 90</b>
<b>8</b>	Pension Board Annual Report Covering Report 2016.17	<b>91 - 102</b>
<b>9</b>	Audit Committee Work Programme	<b>103 - 106</b>

### Standing Item

- 10** Update on Topical, Legal and Regulatory Issues (Verbal Report).

### Distribution:

Adam Aston - Member, Mohammed Idrees - Member, Robert Sealey - Member, Paul Singh - Member, Tersaim Singh - Chairman, Fiona Williams - Member

Agenda prepared by Julie Connor

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This agenda and supporting documents are also available

Electronically on the West Midlands Fire Service website at

[www.wmfs.net](http://www.wmfs.net)

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## Minutes of the Audit Committee

24 July 2017  
at Fire Service Headquarters, Vauxhall Road, Birmingham  
B7 4HW

**Present:** Councillors T Singh (Chair), Aston, Idrees, Singh, Williams  
Mr M Ager (Independent)

### 25/17 Minutes of the Audit Committee held on 12 June 2017

**Resolved** that the minutes of the meeting held on 12 June 2017 be approved as a correct record.

### 26/17 Audit Findings 2016/17

The Audit Committee considered the Audit Findings Report (AFR). The AFR set out and reported on the key messages arising from the external audit work undertaken during the year. The AFR is designed to support the Auditor's opinions and conclusions and is a requirement of the Code of Audit Practice.

Mr Richard Percival, Grant Thornton, introduced himself and introduced Emily Mayne, Grant Thornton. The Auditor explained the findings to the members of the Committee. The Auditor highlighted the key messages arising from their audit of the draft accounts. The Auditor stated this was a good audit, he was pleased with the outcome and there were very few changes to the accounts. The Auditor stated his team were well supported and thanked the Treasurer and Deputy Treasurer for their assistance.

The AFR will be presented to the Fire Authority at its meetings on the 18 September 2017. The Auditor is required to provide an Opinion by the end of September 2017.

(Official - WMFS – Public)

The Auditor anticipated providing a clean and unqualified opinion on the Financial Statements. Based on a review of the Authority's arrangement to secure economy, efficiency and effectiveness in its use of resources, the Auditor also proposed to give a clean and unqualified Value for Money conclusion.

Following an initial risk assessment in March 2017, two significant risk were identified in respect of specific areas of proper arrangements using the guidance contained in AGN03.

The significant risks that were identified by the Auditor were:

1. Financial Resilience – the Authority had historically managed its finances well and had consistently achieved saving targets. The Authority was on course to deliver the 2017/18 budget, however, delivering savings year on year would become increasingly difficult and further savings of £9.415 million would be required in the 4 years 2016/17 – 2019/20.
2. Partnership working with other emergency services – there was evidence of the Authority working in partnership with West Midlands Police and other emergency services effectively where the opportunity had arisen. However, there was some uncertainty over what form further collaboration will take and how this will lead to wider integration. Development of the West Midlands Combined Authority Mayoral arrangements and the recent legislative changes are now forcing a faster paced change. This would be a key challenge.

The Auditor anticipated providing the Authority with an Unqualified Audit Opinion.

In response to a Member's enquiry regarding the key findings in respect of key performance indicators, it was confirmed that poor decision making was not the reason for the prevention targets not being met.

The Auditor confirmed that some of the circumstances are predominantly out of the control of officers, for example the targets for arson.

The Treasurer confirmed that the Performance Indicators were incorporated into the Statement of Accounts and challenging targets had been set in respect of Arson related issues.

**Resolved** that the contents of the Audit Findings Report (AFR) be noted.

## 27/17 **Statement of Accounts**

The Audit Committee's approval was sought for the Authority's Statement of Accounts for the financial year ended 31 March 2017. The full Statement was attached as Appendix A to the report and can be viewed at [www.wmfs.net](http://www.wmfs.net)

A summary of the Statement outlining the main issues was attached at Appendix B to the report. The Treasurer stated the Statement links closely with the Audit Findings Report.

It was confirmed that the Letter of Representation circulated to the Audit Committee would be circulated and signed at the end of the meeting.

Members were informed that the Statement linked to the Workshop held for Members of the Audit Committee on 12 June 2017.

The Treasurer stated that the Financial Statement sets out the Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis, movement of reserves, the balance sheet, cash flow statement and pension arrangements.

The Treasurer highlighted the overall revenue budget and the level of general balances had shown a slight increase of £0.003m resulting in £9.236m general balances at the end of the financial year.

The level of earmarked reserves had increased by £3.569m resulting in £43.734m earmarked balances at the end of the financial year. It was highlighted that approximately 75% of earmarked balances related to capital schemes and the Authority's Insurance arrangements.

**Resolved:**

1. That the Statement of Accounts for 2016/17 as set out in Appendix A be approved.
2. That the Statement of Accounts summary for 2016/17 set out in Appendix B be noted.

**28/17 Treasury Management Annual Report 2016/17**

The Committee received the Treasury Management Annual Report 2016/17, which covered the Treasury Activity during 2016/17 and the actual Prudential Indicators for 2016/17.

The Authority approved its Treasury Management strategy as part of the Budget Setting process in February 2016 and the Audit Committee received a mid-year Treasury Management update in November 2016.

The key Treasury Management activities were:

- Capital Expenditure
- The Authority's Debt
- The Authority's Investment

In response to a Member's enquiry it was confirmed that the Authority would be required to pay a penalty if any of the debts were paid early. The Treasurer stated that payment of a 'premium' would ordinarily make it less attractive to repay debt early, although the situation is monitored.

It was confirmed that the Balance Sheet in the Statement of Accounts clearly sets out the assets of the Authority.

Item 3  
It was confirmed that the Public Works Loan Board (PWLB) issue loans from the Government and is more beneficial than other borrowing, some loans were taken out between 20 and 40 years ago.

In answer to a question from one of the Members, the Deputy Treasurer confirmed that the value of Headquarters was included in the total assets of property, vehicles, plant and equipment of £146m, but would confirm the value of Headquarters separately.

**Resolved** that the report and Appendix be noted and the Prudential and Treasury Indicators be approved.

#### 29/17 **Work Programme**

The Committee noted and agreed its Work Programme for 2017/18 and that the next meeting of the Audit Committee would be on 4 September 2017.

#### 30/17 **Update on Topical, Legal and Regulatory Issues**

The Treasurer informed the Audit Committee of the outcome of the work undertaken for the future external audit arrangements. Most Fire and Rescue Authorities and Police Authorities chose to umbrella option of the Public Sector Audit Body. The Broad outcomes of the was that the work was broken down into 6 lots, Lot 1, the highest value lot was awarded to Grant Thornton, although some details are still to be established.

Overall the exercise was successful and many different organisations are involved. The exercise has created a scale of fee savings across the piece and more analysis will be forthcoming.

Richard Percival, Grant Thornton, stated that he was pleased that his company had secured the largest share of the market and this would ensure continuity of service for the Fire Authority. There would be a reduction in the fee for 2017/18.

31/17 **A Member of the Committee asked for an update on  
Aston Fire Station** Item 3

There had been a number of attempts to progress the rebuilding of Aston Fire Station. It was recognised that the listed status of the building would be problematic. West Midlands Police had expressed interest in a joint heritage site with the Fire Service. The Ambulance Service would not be taking up a level of occupation at the new Station. New drawings had been undertaken with the current fire station remaining in situ with an additional new building. There would be some heritage space available and the officers were currently at the point of preparing a planning application. A subsequent report outlining the redesigned station would be submitted to the Fire Authority.

32/17 **Request for a Decision – Use of Discretion to Increase  
Widows Pension**

The Audit Committee, in their role as Scheme Manager for the Firefighters' Pension Scheme, were asked to confirm the decision of the Deputy Chief Fire Officer not to use the Authority's discretion to increase the widow's pension payable to a widow.

The Payroll and Pension manager outlined the circumstances that led to the decision of the Deputy Chief Fire Officer being made.

Having considered the circumstances and the options available, the Audit Committee supported and confirmed the decision taken by the Deputy Chief Fire Officer.

(The meeting ended at 1055 hours)

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(Official - WMFS – Public)



**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**4 SEPTEMBER 2017**

1. **AUDIT COMMITTEE UPDATE FOR WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the Committee note the content of the Audit Committee Update attached as an Appendix.

2. **PURPOSE OF REPORT**

This update is provided to keep Audit Committee Members informed of the progress of the external auditor (Grant Thornton UK LLP) in delivering their responsibilities.

3. **BACKGROUND**

- 3.1 In order to ensure that Audit Committee Members continue to remain informed on audit matters, the external auditor has provided an Audit Committee Update report. It is the intention of the external auditor to provide an update at all Audit Committee meetings.
- 3.2 The update provides the Audit Committee with a report on Grant Thornton's progress in delivering their responsibilities as the Authority's external auditors.
- 3.3 Representatives from Grant Thornton will be in attendance at the meeting to discuss the reports with Members.

4. **EQUALITY IMPACT ASSESSMENT**

Item 4

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to a policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications arising from this report.

**BACKGROUND PAPERS**

None

The contact officer for this report is Deputy Chief Fire Officer Philip Hales, telephone number 0121 380 6907.

PHIL LOACH  
CHIEF FIRE OFFICER

MIKE GRIFFITHS  
TREASURER

# Audit Committee Update for West Midlands Fire & Rescue Authority

## Progress Report and Update Year ended 31 March 2017

September 2017

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# Introduction

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

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

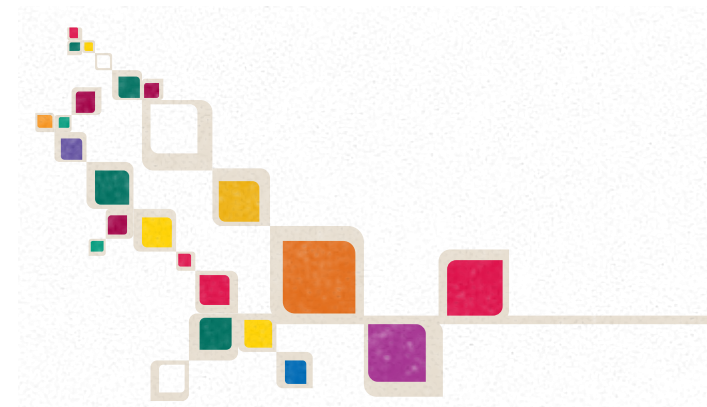
- Learning from innovative income generation practices (March 2017)  
<http://www.grantthornton.co.uk/en/insights/income-generation-learning-from-innovative-income-generation-practices/>
- A guide to setting up a social enterprise (June 2017)  
<http://www.grantthornton.co.uk/en/insights/?tags=local-gov#filters>

Members and officers may also be interested in our recent video:

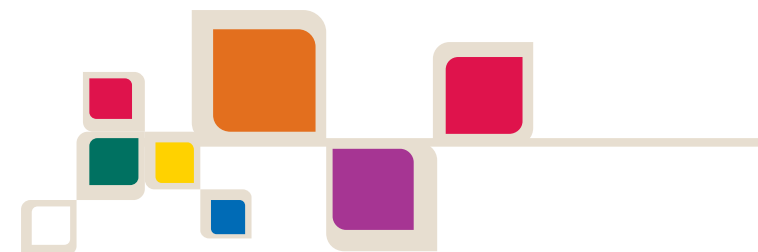
- Why the public sector is an integral part in helping to build a vibrant economy. This short video explains our ambition of helping the public sector to make bold steps to benefit our communities, clients and its stakeholders:  
<http://www.grantthornton.co.uk/en/insights/collaboration--doing-right-by-the-public-sector/>

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.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

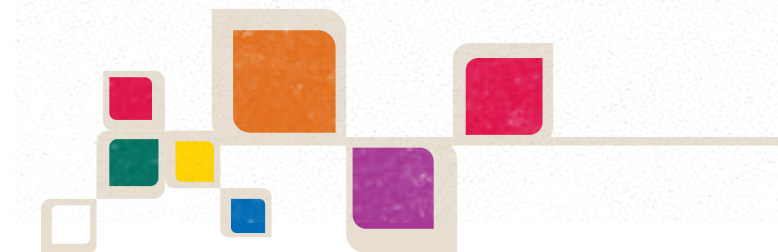


# Progress to date



2016/17 work	Planned Date	Complete?	Comments
<b>Fee Letter</b>			
We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.	April 2016	Yes	The 2016/17 fee letter was issued in April 2016
<b>Accounts Audit Plan</b>			
We are required to issue a detailed accounts audit plan to the Fire Authority setting out our proposed approach in order to give an opinion on the Fire Authority's 2016/17 financial statements.	March 2017	Yes	<p>We continue to assess the risks facing your Authority and meet with Senior Officers to ensure that these risks are fully understood and our audit work is appropriate.</p> <p>If there are any changes to our plan between our initial risk assessment and the delivery of our opinion we will discuss this with the Strategic Enabler for Finance and Resources before presenting to the Audit Committee.</p>
<b>Interim accounts audit</b>			
<p>Our interim fieldwork visits include:</p> <ul style="list-style-type: none"> <li>• updating our review of the Fire Authority's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	January – March 2017	Yes	<p>We engaged with the finance team to:</p> <ul style="list-style-type: none"> <li>• streamline and improve the audit approach for 2016/17 where possible</li> <li>• discuss any technical issues early, including those impacting on future years</li> <li>• undertake as much early testing as possible.</li> </ul> <p>We continued to work closely with Internal Audit in relation to risk, work on the financial statements and fraud.</p>
<b>Final accounts audit</b>			
<p>Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2016/17 financial statements</li> <li>• proposed opinion on the Fire Authority's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	June – July 2017	Yes	<p>Our final accounts on site work commenced on 30<sup>th</sup> May 2017. We issued our unqualified opinion to the July Audit Committee demonstrating that delivery of the shorter timescale in 2017/18 is achievable.</p> <p>We will issue the certificate once we have evidenced your financial statements on your website.</p>

# Progress to date



2016/17 work	Planned Date	Complete?	Comments
<b>Value for Money (VfM) conclusion</b>			
<p>The scope of our work to inform the 2016/17 VfM Conclusion requires conclusions on whether:</p> <p><i>"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".</i></p> <p>This change of guidance was issued by the National Audit Office in November 2015. 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".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul>	March – July 2017	Yes	<p>We considered the potential significant risks for our VfM conclusion and identified the following issues.</p> <ul style="list-style-type: none"> <li>• Financial resilience</li> <li>• Partnership working with other emergency services</li> </ul> <p>Our work on the VfM Conclusion included meetings with key Senior Officers and key document reviews.</p> <p>We issued an unqualified VfM Conclusion to the July Audit Committee demonstrating that delivery of the shorter timescale in 2017/18 is achievable.</p>
<b>Annual Audit Letter</b>			
We will summarise all the work completed as part of our 2016/17 audit within one letter which will be issued after the opinion.	October 2017	Not started	
<b>Engagement with the Fire Authority since the last Audit Committee meeting</b>			
	On-going	On-going	<p>Meetings with Key Senior Officers, to ensure our understanding of your business is maintained.</p> <p>Delivery of a facilitated session with CFO Phil Loach to ensure that explore Public Sector Reform.</p> <p>Provided hard copy Grant Thornton publications relevant to the Fire Sector.</p>



# Fire Sector Accounting and other issues





Dr Craig Baker led the inspection and provided the following conclusions.

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100%

- Have you considered the findings of this inspection report and challenged yourself on the adequacy of your own arrangements?





# HMIC becomes inspectorate for fire

On 19 July the Home Office agreed that Her Majesty's Inspectorate of Constabulary (HMIC) undergoes a major expansion to take on the role of inspectorate of fire and rescue authorities in England.

The inspectorate will help support the continuous improvement of this critical public service and support fire and rescue authorities to become even more effective. It will also support continuing collaboration between policing and fire and rescue services, offering the opportunity for future inspections of joint areas of work or where support functions have been combined. HMIC will be renamed Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). Nick Hurd, Minister for Policing and the Fire Service said:

"The response to the recent Grenfell Tower tragedy has highlighted the professionalism, dedication and skill of our firefighters. Creating an inspectorate for fire and rescue authorities in England will support the continuous improvement of this critical public service to make sure that services are as professional, effective and as efficient as possible. It will also ensure where problems are identified, actions can be taken by the fire and rescue authorities to overcome them.

HMIC has been inspecting police forces for more than 160 years and has a strong track record in holding policing to the highest standards. I am confident that they too will hold fire and rescue services to the highest standards possible.

The inspectorate will consider how efficient and effective fire and rescue authorities are; will highlight good practice and identify areas where they need to improve, so that action can be taken to overcome them. This will

include how services prevent and respond to incidents; whether the service provides value for money as well as reviewing the service's leadership, training, diversity, values and culture. It replaces the current system of peer review where fire and rescue services inspect one another."

The Home Secretary has recommended to Her Majesty the Queen that she appoints Sir Thomas Winsor, currently Her Majesty's Chief Inspector of Constabulary, as Chief Fire and Rescue Inspector for England, and HMIC's existing inspectors be appointed Inspectors of Fire and Rescue Authorities. These appointments will be in addition to their existing police inspection responsibilities.

Sir Thomas Winsor, said:

HMICFRS will approach the inspection of fire and rescue services – establishing and reporting on their efficiency and effectiveness – with the same degree of thoroughness as it inspects the police. My fellow HM Inspectors and I look forward to engaging with fire and rescue authorities, and others with a stake in their performance, to build a sound and productive relationship which serves the public well.

The first inspection is expected to take place next spring with every authority in England inspected by the end of 2019. HMIC will shortly begin work developing an inspection framework and programme to be published for consultation in the autumn.

The introduction of an independent inspectorate is just part of the government's fire reform programme which aims to make fire and rescue services more effective, efficient and professional than ever before.

## Home Office announcement

### Challenge question:

- What are the implications of this change for you going forward?

Other key elements include:

- the formation of a professional standards body for fire and rescue which will build a comprehensive professional framework of standards
- strengthening local fire and rescue governance by enabling police and crime commissioners to take on the responsibility for local fire and rescue services where a local case is made to maximize the benefits of collaboration
- reform of the workforce so that it is highly skilled, modern, flexible and diverse
- creating a new national website which will hold a range of information to increase transparency of fire and rescue services by allowing the public to access the performance of their local service as well as information about chief officer pay, expenditure, accounts and efficiency plans
- the publication of incident level data from the Incident Recording System so that the public can have access to the raw data of fire incidents across England
- driving efficiencies across services including supporting them in their commercial transformation.

# Income generation

Local government is under immense financial pressure to do more with less. The 2015/16 spending review is forecast to result in a £13 billion funding hole by 2020 that requires. With further funding deficits still looming, income generation is increasingly an essential part of the solution to providing sustainable local services, alongside managing demand reduction and cost efficiency of service delivery. This report shares the insights into how and why local authorities are reviewing and developing their approach to income generation.

Our new research on income generation which includes our CFO Insights tool suggests that:

- ❖ councils are increasingly using income generation to diversify their funding base, and are commercialising in a variety of ways. This ranges from fees and charges (household garden waste, car parking, private use of public spaces), asset management (utilities, personnel, advertising, wifi concession license) and company spin-offs (housing, energy, local challenger banks), through to treasury investments (real estate development, solar farms, equity investment).
- ❖ the ideal scenario to commercialise is investing to earn with a financial and social return. Councils are now striving to generate income in way which achieves multiple strategic outcomes for the same spend; examining options to balance budgets while simultaneously boosting growth, supporting vulnerable communities and protecting the environment.

- ❖ stronger commercialisation offers real potential for councils to meet revenue and strategic challenges for 2020 onwards. Whilst there are examples of good practice and innovation, this opportunity is not being fully exploited across the sector due to an absence of a holistic and integrated approach to corporate strategy development (a common vision for success, understanding current performance, selecting appropriate new opportunities, the capacity and culture to deliver change).

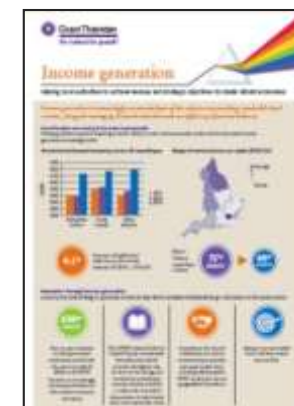
Our report helps local authorities maximise their ability to generate income by providing:

- Case study examples
- Local authority spend analysis
- Examples of innovative financial mechanism
- Critical success factors to consider

## Grant Thornton publications

### Challenge question:

- Have you read our income generation report?
- Is your council actively exploring options to generate income?



Our Income generation report was published on Thursday 2 March, hard copies are available from your team and via link:

<http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>



# A Manifesto for a Vibrant Economy

Grant Thornton publications

## Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breathe, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality.

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

## Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

## Challenge question:

- Have you read our manifesto?



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>

Guy Clifton – Head of Local Government Advisory

## Setting up a successful social enterprise

### Grant Thornton market insight

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage.

We explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended. We have complemented this with a range of case studies providing new and innovative ideas from those that have been successful and lessons learned to take into consideration.

Key findings from the report:

- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre;
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so;
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice;
- Some local authorities have converted exiting models into social enterprises; for example where a greater focus on social outcomes has been identified while still retaining a commercial objective





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Item 4

# **WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

## **AUDIT COMMITTEE**

Item 5

### **4 SEPTEMBER 2017**

#### **1. CORPORATE RISK UPDATE**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Audit Committee approve the Corporate Risk Assurance Map Summary (Quarter 4, 2016/17, Appendix 1 and Quarter 1 2017/18, Appendix 3) and note the Position Statements (Quarter 4, 2016/17, Appendix 2 and Quarter 1 2017/18, Appendix 4) for each risk. This covers Quarter 4 2016/17 and Quarter 1 2017/18).

#### **2. PURPOSE OF REPORT**

This six-monthly update is provided to ensure Members remain informed about all aspects relating to the management of the Authority's corporate risks.

#### **3. BACKGROUND**

- 3.1 This report includes the Corporate Risk Assurance Map Summary and the Position Statement for two quarters. This is the combined six-monthly report as agreed by Members at the Audit Committee Meeting held on 25 July 2016.
- 3.2 In accordance with the Service's risk management strategy, the Corporate Risk Assurance Map Summary is submitted for approval by the Audit Committee, following its submission and discussion at the Corporate Performance Review Meeting. The meeting for Quarter 4, 2016/17 was held on the 23 May 2017 and the meeting for Quarter 1, 2017/18 held on the 1 August 2017.
- 3.3 Corporate risks are those risks which would seriously affect the Authority's ability to carry out its core function or deliver its strategic objectives as set out in The Plan. Currently, the Service maintains 9 corporate risks, some of which have more than one element.

- 3.4 Each corporate risk is assigned to a Risk Owner, who is a member of the Strategic Enabling Team. The Risk Owner has the overall responsibility for monitoring and reviewing the progress being made in managing the risk. <sup>Item 5</sup>
- 3.5 To enable effective risk management, the Risk Owner will periodically undertake an assessment of each corporate risk. The frequency of this review will be based upon the estimated risk rating undertaken based on likelihood x impact. The likelihood is a measure of probability of a given risk occurring using a scale of 1 (low) to 4 (high). The impact is a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

	HIGH RISK - periodic review every 6 weeks
	MEDIUM RISK - periodic review every 3 months
	LOW RISK - periodic review every 6 months
	VERY LOW RISK - periodic review every 12 months

- 3.6 In order to ensure that Members are kept informed of corporate risk matters a Corporate Risk Assurance Map Summary for Quarter 4 2016/17 (Appendix 1), Position Statement for Quarter 4 2016/17 (Appendix 2), Corporate Risk Assurance Map Summary for Quarter 1 2017/18 (Appendix 3) and Position Statement for Quarter 1 2017/18 (Appendix 4) are attached.



3.7 In undertaking a review of corporate risks, the Risk Owner has reviewed the Corporate Risk Assurance Map. The Assurance Map provides details of: Item 5

- The strategic objectives and performance indicators relevant to the risk.
- The current risk score.
- A description of events that could lead the corporate risk to be realised.
- The control measures in place designed to reduce the likelihood of risk realisation or its impact should the risk be realised.
- Additional control measures currently implemented to further reduce the likelihood or impact.
- Control Owners who are responsible for the implementation, maintenance and review of individual control measures.

3.8 As part of the review the Risk Owner has considered the risk score and rating and updated the Assurance Map. The Risk Owner has provided assurance that the control measures identified are still effective in the management of risk and identified whether any new risk events or controls have been implemented or are required.

3.9 Where ongoing additional controls are being implemented, Risk Owners have confirmed the progress in implementing such controls.

### **Increase/decrease in Overall Corporate Risk Score**

3.10 In Quarter 4 2016/17 there was no increase or decrease in any of the risk scores.

3.11 In Quarter 1 2017/18 there was an increase in six of the risk scores.

- Corporate Risk 2.1 (People) has increased from 9 to 12

- Corporate Risk 2.2 (People) has increased from 6 to 9
- Corporate Risk 3.1 (Prevention) has increased from 6 to 9.<sup>Item 5</sup>
- Corporate Risk 3.2 (Prevention) has increased from 6 to 9.
- Corporate Risk 6.1 (Business Continuity & Preparedness) has increased from 9 to 12.
- Corporate Risk 9.2 (Business Development) has increased from 8 to 9.

3.12 The risks relating to 'People', 2.1 and 2.2, Prevention 3.1 and 3.2, Business Continuity & Preparedness, 6.1 and Business Development, 9.2 have increased due to the ongoing national discussions regarding the pay award and the potential withdrawal of support for the National Joint Council trials. Business Continuity Planning has been established to ensure the delivery of commissioned services associated with falls response and the wider health agenda.

3.13 The Corporate Risk Summary Sheets are attached as Appendices 1 and 4, they provide the direction of travel in respect of the Authority's 9 Corporate Risks.

For Quarter 1 2017/18 the following applies:-

- Corporate Risks 1.1, 1.2, 2.3, 4.1, 5.2, 8.1 and 8.2 have been awarded a green confidence (substantial) option, which is the highest level that can be awarded.
- Corporate Risks 2.1, 2.2, 3.1, 3.2, 5.1, 6.1, 7.1, 7.2, 9.1 and 9.2 have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- No red (limited) confidence opinions were awarded, although 2.1 (people) has increased from 9 to 12 and the risk score has been marked as red (high risk).

## **Position Statement Summary**

- 3.14 The Position Statements attached as Appendices 2 and 4 provide the detail of the risk management activity undertaken or ongoing in respect of the Authority's 9 Corporate Risks for Quarter 4 2016/17 and Quarter 1 2017/18. <sup>Item 5</sup>
- 3.15 Corporate Risk 1 – External (Political and Legislative) Environment. Although the risk score has not changed, the likelihood of governance change is high. The Future Governance Working Group has been added as an additional control measure to the risk register.
- 3.16 Corporate Risk 4 – Protection. The risk score has not changed but an additional control measure has been added to the risk register. Protection continues to utilise the Command Risk Profiles produced through the Integrated Risk Management Team whilst the Intelligence Led Audit Programme (ILAP) is being developed.

## **4. EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report do not relate to a policy change.

## **5. LEGAL IMPLICATIONS**

There are no direct legal implications associated with the implementation of the recommendations set out in this report.

## **6. FINANCIAL IMPLICATIONS**

There are no financial implications associated with the implementation of the recommendations set out in this report.

## **7. ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with the implementation of the recommendations set out in this report.

## **BACKGROUND PAPERS**

Frequency of Risk Reporting to Audit Committee, Audit Committee Report, 11 April 2016

Corporate Risk Update to Audit Committee, Audit Committee Report,  
25 July 2016





Item 5






The contact for this report is Deputy Chief Fire Officer, Philip Hales,  
telephone number 0121 380 6004.





PHIL LOACH  
CHIEF FIRE OFFICER





## APPENDIX 1

### Corporate Risk Assurance Map - Summary - Qtr 4 2016/17

No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
<b>CR1</b>	<b>External (Political and Legislative) Environment</b>	<b>SE Strategic Hub - Karen Gowreesunker</b>					
<b>1.1</b>	Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.				3	2	6
<b>1.2</b>	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.				3	2	6
<b>CR2</b>	<b>People</b>	<b>SE People - Sarah Warnes</b>					
<b>2.1</b>	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.				3	3	9
<b>2.2</b>	The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.				2	3	6

<b>2.3</b>	The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.				<b>2</b>	<b>3</b>	<b>6</b>
<b>CR3</b>	<b>Delivery of Services - Prevention</b>	<b>SE Prevention - Jason Campbell</b>					
<b>3.1</b>	The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.				<b>3</b>	<b>2</b>	<b>6</b>
<b>3.2</b>	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.				<b>3</b>	<b>2</b>	<b>6</b>
<b>No.</b>	<b>Outcome of Risk Realisation</b>	<b>Risk Owner</b>	<b>Direction of Travel</b>	<b>Overall Confidence</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Score</b>
<b>CR4</b>	<b>Delivery of Services - Protection</b>	<b>SE Protection - Simon Barry</b>					
<b>4.1</b>	The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.				<b>3</b>	<b>2</b>	<b>6</b>
<b>4.2</b>	The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.				<b>2</b>	<b>3</b>	<b>6</b>

<b>CR5</b>	<b>Delivery of Services – Response</b>	<b>SE Response - Ben Brook</b>					
<b>5.1</b>	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.				<b>1</b>	<b>4</b>	<b>4</b>
<b>CR6</b>	<b>Business Continuity &amp; Preparedness</b>	<b>SE Organisational Preparedness - Steve Taylor</b>					
<b>6.1</b>	The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.				<b>3</b>	<b>3</b>	<b>9</b>
<b>CR7</b>	<b>Information, Communications and Technology</b>	<b>SE ICT - Jason Danbury</b>					
<b>7.1</b>	The Fire Authority is unable to provide and maintain an effective ICT provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.				<b>2</b>	<b>4</b>	<b>8</b>
<b>7.2</b>	The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.				<b>3</b>	<b>3</b>	<b>9</b>

No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
<b>CR8</b>	<b>Finance &amp; Assets</b>	<b>SE Finance and Resources - Mike Griffiths</b>					
<b>8.1</b>	The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.				3	3	9
<b>8.2</b>	The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.				2	3	6
<b>CR9</b>	<b>Business Development</b>	<b>SE Business Development - Preith Shergill</b>					
<b>9.1</b>	The Fire Authority is unable to create, grow and sustain appropriate flexible funding opportunities and meet financial targets, through the delivery of these opportunities via the Service Delivery Model. This will result in a budget shortfall impacting upon our ability to maintain the Service Delivery Model and delivery of core services.				3	3	9
<b>9.2</b>	The Fire Authority is unable to meet contractually binding arrangements for the provision of commissioned and/or paid services resulting in litigation; reduced confidence and credibility; and increased reputational damage.				2	4	8



**Corporate Risk Quarter 4 Position Statement May 2017****Individual Risk Position Statement**

Item 5

**Corporate Risk 1 – External (Political and Legislative) Environment****Corporate Risk 1.1:**

**Public Sector Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.**

Emerging Issues	The overall risk score of 6 (likelihood 3 x Impact 2) and risk rating of 'low' is maintained against this new corporate risk. The likelihood of governance change is high however the delivery of core and statutory services and impact on public safety as is provided now is unlikely to change. New duties however may be introduced as legislation around Fire & Rescue Services (FRS) governance and Devolution emerges. The outcomes of the Future Governance Working Group and public consultation provide a critical evidence base to support the Authority's direction of Mayoral West Midlands Combined Authority (WMCA) governance. This route for governance has received full approval of the Authority and support of Local Authority leaders. This along with positive external relationships, commissioning, discussions around collaboration, delivery of key work streams within the Combined Authority, the impact of change on the delivery of our wider strategy is currently considered to be low.
Changes to control measures	<p>A number of the control measures have been updated to reflect ongoing assurance activity. Whilst regular engagement with the Police &amp; Crime Commissioner (PCC) does take place, the route of governance pursued by the Authority causes some conflict with Home Office (HO) policy and PCC direction. The overall confidence of this control measure has therefore changed to amber.</p> <p>Staff engagement is an area which is amber as more focused engagement around governance needs to now increase with the election of a Mayor.</p>
Assurance updates	The Risk Owner is confident that the approaches and relationships are in place to enable for the continued positive engagement of key stakeholders in being able to influence the Public Service Reform (PSR) agenda locally and nationally. As this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward.

**Corporate Risk 1.2:**

**The Fire Authority is unable to positively position itself within public sector reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.**

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Emerging Issues	<p>The overall risk score of 6 (likelihood 2 x Impact 3) and risk rating of 'low' is set against this new corporate risk. The Authority and Service has positioned itself successfully at this current time in securing Observer status on the Combined Authority, leading the Multiple Complex Needs work stream and through the Chief Fire Officer (CFO) taking on the Chief Executive Officer (CEO) role for PSR.</p> <p>The Authority has successfully developing new areas of commissioned 'health' work with regards to falls response and hospital discharge, supporting priorities of Local authorities, National Health Service (NHS) as well as the Service priorities.</p> <p>Whilst the Future Governance Working Group provided a key platform for all key stakeholders to consider the potential for the future delivery of services and Public Sector Reform.</p>
Changes to control measures	<p>As with risk 1.1 the overall confidence in the authority's relationship and engagement with the PCC has been rated as amber given the route to future governance. There is also limited progress with developing new Police/Fire collaborations.</p> <p>The current Future Governance Working Group outcomes highlighted the WMCA as having the greatest potential for collaboration. As such the developing route for future governance supports the delivery of services and future strategy of the Authority.</p>
Assurance updates	<p>The risk owner is confident that the current controls in place provide sufficient assurance at this point in time.</p> <p>As this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward</p>

## **Corporate Risk 2 - People**

### **Corporate Risk 2.1:**

**The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.**

Emerging Issues	The overall risk score remains at 9 (likelihood 3 x Impact 3) and risk rating of 'medium' remains. The relationships with the representative bodies remains positive with a local collective agreement in place and agreed until the end of 2017.
Changes to control measures	<p>Consultation</p> <p>Close working relationships with the representative bodies and staff have continued across a range of areas.</p> <p>There are pending National outcomes from the Fire Brigades Union (FBU) regarding National Joint Council (NJC) trials that may impact on the delivery of our current Telecare Services. Business continuity planning and local discussions are being established to ensure these services are maintained should the trial cease. A key milestone will be the pay awards on 1<sup>st</sup> July.</p> <p>The attendance of the trade unions at monthly meetings with the strategic enabling team meetings are still taking place. This continues to enable ability to have early discussions and seek views to enhance decision making regarding future planning and emerging change programmes within the organisation.</p> <p>Further engagement is planned for the trade unions, managers and business partners to work across stations to assist staff to understand how the employee framework is used to enable joint decision making and the importance of early engagement.</p> <p>Early consultation through the employee framework continues to support a positive working environment and is well represented.</p> <p>Communication and engagement with staff continues through what's happening visits and middle manager's webinars and line manager engagement.</p>
Assurance updates	The risk owner remains confident that the frameworks and procedures are in place to maintain positive engagement within the organisation. Based on this assessment the risk score and new areas of potential change identified will remain the same for this quarter. However, this will be monitored closely particularly in relation to the outcomes of the pay award on 1 <sup>st</sup> July.

**Corporate Risk 2.2:**

**The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.**

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Emerging Issues	The overall risk score is 2 (likelihood) x 3 (impact) = 6
Changes to control measures	<p>Workforce planning As part of the workforce planning and succession planning strategy, guidance to support managers through the business partners continues to be provided.</p> <p>The three-year staffing strategy continues to provide a strong level of forecasting for the organisation.</p> <p>Recruitment and selection for 2017/18 continues. Organisational learning will be taken from this to further enhance our approach to attraction, selection and development strategy.</p> <p>The competency risk assessment Standing Order (SO) 6/3 has been approved for the year. This has now been implemented across the organisation.</p> <p>Work within the next 12 months will continue to ensure the CRA considerations from organisational assurance are completed. This will also include the gathering of information through assessment and quality assurance the process in the areas of operational intelligence and skills fade.</p> <p>The implementation plan is progressing well regarding improvements to the assessment criteria and process being applied which will support the application of S/O 6/3.</p> <p>We continue to review our approach to the recruitment and selection framework and progression. This will enable individuals to have an improved understanding regarding progression and development that is based on their natural performance within the workplace, feedback and development.</p> <p>An area of concern raised last quarter regarding the number of Crew Commanders posts predicted for 2017/18 has improved with 34 new crew commanders required until March 2018 against the number of eligible individuals (25). Further work will continue with the business partners and service delivery to understand the potential barriers and raising awareness of progression with staff.</p> <p>The attendance management targets have not been achieved across both uniformed and non-uniformed staff. There has been an increase in sickness for operational staff which has an</p>

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	<p>impact on staffing. The business partners continue to work with managers to reduce the long term sick and those on restricted duties. There is the continued focus on the ridership factor. The attendance management policy is being reviewed with the proposal to change the trigger points that will support the target of reaching a ridership factor of 12.5.</p> <p>In addition, two policies are under review in the next quarter – S/O 2/2 Grievance and S/O) 2/1 Discipline. There are no specific associated risks. However, this will provide an opportunity to review our approach.</p>
Assurance updates	The Risk Owner has ensured that control owners have provided assurance for the controls and in particular is focusing on attendance management, the ridership factor and outstanding policies as discussed above.

### Corporate Risk 2.3:

**The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.**

Emerging Issues	Overall score remains likelihood 2 (likelihood) x 3 (impact) = 6 amber. Although the Safety, Health and Environment (SHE) is performing well the focus will continue on two type of injuries – slip trips and falls and manual handling.
Changes to control measures	There are no changes to the control measures. The Safety Health and Wellbeing team continue to provide a collaborative and co-ordinated approach to delivering messages across the organisation.
Assurance updates	<p>There continues to be good performance around key health, safety and environment performance indicators.</p> <p>The clinical governance framework has been implemented with a number of considerations being implemented through the strategic governance group.</p> <p>A review has been carried out regarding the ongoing support and Wellbeing of crews attending Telecare, Falls Response – a number of recommendations have been identified and will be developed and implemented. This is being managed through the Strategic Enabler Prevention.</p> <p>Review of Safety, Health and Wellbeing performance across the organisation remains positive and continues to be a focus. This enables the organisation to provide a high level of confidence as to the overall collective strength of the control environment.</p>

## **Corporate Risk 3 – Delivery of Services - Prevention**

### **Corporate Risk 3.1:**

**The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.** <sup>Item 5</sup>

Emerging Issues	<p>The risk score associated with this risk remains unchanged at 6.</p> <p>The Headquarters (HQ) Community Safety team is continuing to identify suitable working practices to positively impact on the recognised corporate risk around partnerships. The Partnerships Team now has interim arrangements in place with Commands to support, upskill and enable personnel to work in partnership supported by appropriate governance arrangements. This work began on 3<sup>rd</sup> January following a briefing note to and engagement with Operations Commanders in December.</p> <p>The team's objectives have made a positive start on addressing existing partnership arrangements to ensure that appropriate governance, monitoring and review is in place and that the governance recommendations from scrutiny were implemented.</p> <p>SO 22/2 will be withdrawn and replaced by a series of framework documents as Community Safety moves towards an overarching prevention standing order supported by guidance and toolkits.</p>
Changes to control measures	<p>Currently there is no change to the control measures for managing corporate risk. It is predicted that the changes to the Partnerships team in headquarters will see benefits with a clear direction of travel seeing a reduction in the score rating for this corporate risk.</p>
Assurance updates	<p>The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.</p>

**Corporate Risk 3.2:**

**The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.**

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Emerging Issues	<p>The risk score associated with this risk remains unchanged at 6.</p> <p>A Partnerships Governance Framework Guidance and Toolkit document has been produced and the intention is to publish this on the intranet. This will be accompanied by a routine notice and will require a period of consultation as the Document will be a replacement for and require deletion of Standing Order 22/2 Partnership Working. It will set out clear expectations for colleagues about operating within the framework and is a more comprehensive and encompassing than previous documents.</p> <p>Three departmental performance indicators have been developed for 2017/18:</p> <ul style="list-style-type: none"> <li>• No &amp; % of partnerships that have appropriate governance arrangements in place</li> <li>• No &amp; % of partnerships that have a plan and evaluation measures in place</li> <li>• No % % of partnerships that are evaluated as meeting their outcomes</li> </ul> <p>These will be reported by Command and CS BP Team within the CS, Performance Improvement Meeting (PIM) information.</p> <p>There is a quality assurance process within the framework which will be undertaken on a sampling basis quarterly alongside the gathering of the PIM data. Where action is required, there is an action plan template and process to work with the partnership owner(s) to take corrective action.</p> <p>In terms of embedding the framework:</p> <p>The Partnerships team are well advanced in building their links and relationships with Command Teams. 3 of the 4 Commands have engaged in a workshop to set the expectations around governance and the date for the 4th is being agreed.</p> <p>Work is underway to create an approach that the Station Commanders who attended the workshop can cascade to watches to support the guidance and toolkit and provide some interactive awareness.</p> <p>The Partnerships team are gathering information and evidence of governance of existing partnerships in readiness for the</p>
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	internal audit this financial year. Meetings about governance of existing partnerships within Community Safety are encouraging with many already having governance in place - those that haven't have actions agreed to make this happen. The Business Partner teams are now aware of the requirements for all partnerships being scoped and created.
Changes to control measures	Currently there is no change to the control measures for managing corporate risk. It is predicted that the continuing work of the HQ Partnerships team will see benefits with a clear direction of travel seeing a reduction in the score rating for this corporate risk.
Assurance updates	The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.

#### **Corporate Risk 4 – Delivery of Services – Protection**

##### **Corporate Risk 4.1:**

**The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.**

Emerging Issues	The Organisational Assurance report into the effectiveness of our current Risk Based Inspection Programme (ILAP) has now been published and has highlighted required improvements to ensure compliance with the National Framework and Regulator's Code. As a result, an action plan has been agreed through the Strategic Enabler Team which will address the considerations highlighted with some short-term arrangements whilst our approach to a technological risk based inspection programme is defined. The overall risk score remains at 6 as a result of the known issues with programme (ILAP) and the fact that appropriate mitigating measures have been put in place
Changes to control measures	Protection teams will utilise the Command Risk Profiles that are being refined by the IRM team as a control measure whilst the revised risk based inspection programme is being developed. Clear communication has been provided to all Protection teams to ensure they understand the most appropriate way to identify premises to engage with whilst the Information, Communication and Technology (ICT) system is developed.
Assurance updates	Level 1 – assurance is provided by the control owner and is verified by the risk owner.



**Corporate Risk 4.2:**

**The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.**

Emerging Issues	<p>Fire Control is now operating at full establishment as a result of the recently completed Shared Fire Control review. Continual monitoring of the new staffing model takes place to ensure its effectiveness; at this time, any risk around staffing levels is being managed appropriately through revised resilience arrangements.</p> <p>The Operational Peer Assessment team recently identified in their draft report that fall-back arrangements could be enhanced and this will be a focus of an upcoming review into Fire Control's Business Continuity arrangements that has now begun and is anticipated to be completed within 3 months.</p> <p>An additional area of risk is the introduction and implementation of Vision 4. The current system provides a reliable and resilient command and control mobilising system but without the introduction of Vision 4 we are unable to introduce some organisational improvements such as pre-alert and therefore progress will be monitored closely.</p> <p>An additional focus and scrutiny is ensured through quarterly Fire Control Governance Board.</p>
Changes to control measures	There is no change to the control measures associated with the effective management of this risk
Assurance updates	Level 2 assurance is provided through the Fire Control Governance Board which is responsible for strategic direction and decision making.

**Corporate Risk 5 – Delivery of Services - Response****Corporate Risk 5.1:**

**The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.**

Emerging Issues	<ul style="list-style-type: none"> <li>• The collective Agreement has now been agreed until the 31<sup>st</sup> December 2017.</li> <li>• As of June 2017, we will be analysing the evidence in relation to the disturbance allowance.</li> </ul>
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	<ul style="list-style-type: none"> <li>• The Financial cost of Voluntary Additional Shifts (VAS) has stabilised and the ridership factor continues to decrease in line with predictions.</li> <li>• Fleet availability remains above 99% but is also being used as an effective financial control measure.</li> <li>• The Competency Risk Assessment has been reviewed and further work is ongoing in relation to resilience officers and their required competency.</li> <li>• There is some evidence to suggest that individuals are less likely to look to promotion due to their ability to increase their salary through the use of voluntary additional shifts.</li> <li>• A review of our technical rescue resources has been undertaken and agreed by SET. This will ensure the technical rescue crews are fully embedded and recognised as an integral part of the organisation and our response capability</li> <li>• Enhanced governance has been put in place in relation to our specialist response capabilities</li> <li>• Identification of gaps in both local operational policies and procedures and National Operational Guidance relating to dealing with concerted indiscipline's within secure accommodation and prisons.</li> </ul>
Changes to control measures	<p>The likelihood score remains at 1 and the impact at 4. This is due to the trade dispute being lifted and the collective agreement being in place in relation to staffing. 1 (likelihood) x 4 (impact) = 4.</p> <p>Response times to high risk incidents remains under our target of 5 minutes; currently four minutes and forty-five seconds. The introduction of 999eye linked to dynamic mobilisation should enhance our ability to deploy the right resources to the right incidents at the right time.</p> <p>In meeting the current funding challenge the Service is has implemented a staffing model in order to provide the best possible service to the community based upon risk. This staffing model has been in place for over 12 months and is now becoming more embedded. The disturbance allowance is due to be reviewed in June with any changes being introduced in line with the timescales with the review of the collective agreement.</p> <p>There has been an improvement in the attainment of WM7 competency and the CRA has now been reviewed.</p> <p>Enhanced governance arrangements have been put in place in relation to our specialist response capabilities and a review of technical rescue has been completed and recommendations agreed. Both of these actions should ensure that our specialist response capabilities are maintained and embedded within WMFS.</p>

	<p>Secure Accommodation (Prisons) Operational Procedures</p> <p>Local and national learning from a recent concerted indiscipline incident within Her Majesty's Prison (HMP) Birmingham required fire service attendance and intervention has identified gaps within operational procedures in both WMFS policies and procedures and also recently published draft National Operational Guidance for dealing with such incidents within secure accommodation. Debrief outcomes have been incorporated within a gap analysis and a subsequent action plan derived to enable for the safe, assertive and effective delivery of response operations should a similar event occur. In recognition of our commitment to Sector continuous improvement and collaborative working, Officers from WMFS will work with their Sector colleagues to influence and enable a national approach to dealing with such incidents. An operational policy will be developed to support the safe and effective management of concerted indiscipline incidents through a multi-agency approach that incorporates G4S, West Midlands Police and the National Offender Management Service.</p>
Assurance updates	Assurance is provided to QPR on a quarterly basis

### **Corporate Risk 6 – Business Continuity & Preparedness**

#### **Corporate Risk 6.1:**

**The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.**

Emerging Issues	<p>The potential for emerging issues relating to a potential Pandemic Influenza Risk when associated with a reduced Operational Establishment remains</p> <p>Accuracy of organisational Policies and Procedures as a consequence of organisational restructures.</p> <p>Identification of gaps in both local operational policies and procedures and National Operational Guidance relating to dealing with concerted indiscipline's within secure accommodation and prisons.</p>
Changes to control measures	Overall risk score remains likelihood 3 (likelihood) x 3 (impact) = 9 medium.

	<p><b>Pandemic Flu</b></p> <p>The West Midlands Conurbation Local Resilience Forum has assessed the likelihood of the Pandemic Influenza risk being realised as being medium. This is based on predictor modelling showing that a Pandemic scenario is likely to occur approximately every 11-39 years. To support this historical data shows 4 recorded pandemics of influenza in the past 100 years.</p> <p>Based on understanding of previous pandemics, occurrence is likely in one or more waves possibly weeks and months apart. Each wave may last between 12-15 weeks. Up to half the population could be affected. In the West Midlands, this represents an approximate figure of 6,000 deaths assumed. Business and social economy will be affected by large number of staff absences anticipated to be in the range of 30 – 50%.</p> <p>As we now run a much leaner service, relying on resilience shifts from non-operational personnel and voluntary additional shifts, if a pandemic Influenza scenario were realised, there may be a potential of reduced availability to support high levels of staff absenteeism.</p> <p><b>Policies and Procedures</b></p> <p>The ongoing reduction in central funding along with the Service's continued commitment to deliver excellence through The Plan has required significant change to organisational structure. The introduction and subsequent review of the Strategic Enabling Team (SET) necessitated organisational re-alignment of structures, functionality and reporting lines at all levels throughout the organisation.</p> <p>As a consequence of this change it has become necessary to review, identify and confirm Strategic Enabler responsibility for organisational policies (Standing Orders, Operational Procedure Notes and Technical Information Notes for example). Accurate and contemporary policies are critical to setting out the key principles and guidance to enable for the safe, assertive and effective delivery of services and activity at all levels of the organisation. Policies are also a core component for the effective management of corporate risk.</p>
Assurance updates	<p><b>Pandemic Flu</b></p> <p>Our contingency arrangements rely on using our own operational staff to cover these shortfalls, and where this has been successful in the past to cover periods of Industrial action, due to the reduction in the establishment, it needs to be recognised that it may be more difficult to provide the same level of cover as we have done previously. It also should be noted that in a pandemic scenario, the impacts are likely to be nationwide so seeking assistance from external parties may not be a realistic option. It is also acknowledged that any</p>

	<p>increase in the use of voluntary additional shifts will have an additional financial impact that could be accommodated through organisational funding reserves. In balancing the financial impact of the use of a significant number of additional voluntary shifts or in the event there is limited staff available to undertake voluntary additional shifts application of the dynamic cover tool will support decision making to ensure that any reduction in available resources will be located in the optimum locations to limit the risk to our communities.</p> <p><b>Policies and Procedures</b>  All Standing Orders and Operational Procedure Notes (OPN's) are currently being reviewed. Using a collaborative approach, the Policy Team continue to work with SET, have identified on the basis of risk, a planned approach to the systematic review and update of all policies. This planned and prioritised approach will enable for all policies to be updated in a timely manner. This will ensure that, upon completion, all policies fall within the three-year review cycle expectation of the organisation. Legal advice has been sought relating to the approach being instigated and is seen as an acceptable methodology and was noted that a means for evidencing progress should be encouraged. Progress will be reported to SET to ensure a positive direction of travel.</p> <p>In terms of safety to firefighters and the community OPN are our most risk critical policies. There are some references to roles and responsibilities that are out of date in the OPNs. However, as part of the ongoing approach to introducing sector National Operational Guidance (NOG), OPNs have continued to be update and as such risk critical information remains up to date. The only exception being the OPN for dealing with incidents in secure accommodation following a recent concerted indiscipline incident within HMP Birmingham requiring fire service intervention. The organisational intelligence post incident learning process identified gaps within WMFS operational procedures and recently published draft National Operational Guidance for dealing with such incident types. This specific risk has been captured within Corporate Risk 5 – Delivery of Services - Response.</p>
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## **Corporate Risk 7 – Information, Communications and Technology**

### **Corporate Risk 7.1:**

**The Fire Authority is unable to provide and maintain an effective ICT provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.**

Emerging Issues	The overall risk score is 8. The risk continues to be medium. The risk level is likely to reduce over the next quarter as the implementation of Office 365 continues. Third party
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	<p>consultation is being used to expedite the project.</p> <p>This suite of products will enable secure accessibility to ICT functionality from a wider range of devices and locations including ones not provided by the organisation. The majority of organisational data will be held in cloud storage thus reducing the reliance on in-house processes, procedures and infrastructure to access and maintain data. The data migration part of this project is almost complete thus reducing the risk level. Once complete the reliance upon the in-house data centre will reduce significantly.</p> <p>Transfer of organisational responsibility from Department of Communities and Local Government to the Home office may change information security requirements but these are still unconfirmed.</p>
Changes to control measures	<p>The implementation of Office 365 reduces the impact significantly of the loss of an on-premises data centre.</p> <p>Work is ongoing to establish accreditation for Code of Connection (CoCo) to the Emergency Services Network (ESN) and the Public Services Network (PSN).</p>
Assurance updates	The overall risk confidence opinion is amber.

#### Corporate Risk 7.2:

**The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.**

Emerging Issues	The overall risk score is 9. The risk continues to be medium. The risk level is likely to reduce over the next quarter when the Management of Information Framework is implemented.
Changes to control measures	<p>Consultation has concluded in relation to the Management of Information (MOI) Framework. This framework will be supported by appropriate guidance and awareness for all employees. The framework will improve the way that information is managed within the organisation throughout its lifecycle. The MOI project is due for delivery 30<sup>th</sup> June 2017 and after this date this the risk level will reduce.</p> <p>Training and Development have been provided to the Strategic Enabling Team (SET) as Information Asset Owners to ensure that they can undertake their role excellently using a risk based approach to information security.</p>
Assurance updates	The overall risk confidence opinion is amber.

## **Corporate Risk 8 – Finance & Assets**

### **Corporate Risk 8.1:**

**The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.**

Item 5

Emerging Issues	<p>The risk score remains at 3 (Likelihood) x 3 (Impact) = 9. The overall risk level is Medium.</p> <p>In February 2016, The Government communicated the Authority's Core Funding settlement. In setting out a provisional 4-year settlement, confirmation was received that the core funding reduction would be circa £10 Million by 2019/20. Whilst this reduction is less than was forecast, it still presents a significant challenge to the Service in terms of setting a balanced budget. In planning for significant funding reductions, the Service has in place a number approaches to bridge the funding gap. Year's two to four of the settlement period are subject to the submission and approval of an Efficiency Plan. The content of the Efficiency Plan was considered and approved by the Fire Authority on 19<sup>th</sup> September 2016 and submitted to the Home Office by 14<sup>th</sup> October 2016. The Finance Settlement for the period 2017/18 to 2019/20 received in February 2017 was broadly in line with the figures used as the basis for the Efficiency Statement. However, given the ongoing changes to the staffing arrangements which have not been fully embedded (£4 million of the Efficiency Plan) combined with the commissioning target of £2 million as part of the Efficiency Plan, which has not been fully achieved at this stage, the Risk Owner considers the likelihood score of 3 should remain unchanged at this stage</p>
Changes to control measures	<p>The Authority continues to manage its budget and accounts in such a way that has enabled for an unqualified financial opinion and value for money conclusion to be provided by the external auditors. This has been confirmed to the Authority and provides a substantial independent assurance as to the quality of the financial management arrangements.</p>
Assurance updates	<p>The work and associated reports of the external auditor provides assurance against a number of controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across the majority of the control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by a number of level 3 assurances. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p>

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	The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk.
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Item 5

### Corporate Risk 8.2:

**The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.**

Emerging Issues	The risk score is 2 (Likelihood) x 3 (Impact) = 6. The overall risk level is Medium.
Changes to control measures	There is no change to the control measures associated with the effective management of this risk
Assurance updates	<p>The work and associated reports of the Internal Auditor and External Auditor provides assurance against a number of controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across the majority of the control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by a number of level 3 assurances. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p> <p>The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk</p>

## **Corporate Risk 9 – Business Development**

### Corporate Risk 9.1:

**The Fire Authority is unable to create, grow and sustain appropriate flexible funding opportunities and meet financial targets, through the delivery of these opportunities via the Service Delivery Model. This will result in a budget shortfall impacting upon our ability to maintain the Service Delivery Model and delivery of core services.**

Emerging Issues	<p>The overall risk score is 9. The risk continues to be medium. There has been some delay in implementation, however, risk level is likely to reduce over the next quarter when the BD strategy, BD Programme and BD &amp; Prevention organisational frameworks are in place. Further discussions around new services and growth areas have been established.</p> <p>Strategic Enabler Business Development and Strategic Enabler Prevention have been working closely together and there is further clarity around delivering BD within the Prevention agenda</p>
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	through the support of the internal health framework. This will be implemented this Quarter.
Changes to control measures	The control measures effectiveness section has been updated to reflect the current position of each measure. These predominantly range between medium and low risk. <span style="float: right;">Item 5</span>
Assurance updates	<p>SET members and the BD team are working to develop internal frameworks and systems to ensure governance and risk management alongside a co-ordinated approach to dealing with new alternative funding opportunities. Whilst also working to diversify our work from just health to other commissioning opportunities, commercial streams and Sponsorship.</p> <p>A key project moving forward is developing the marketing strategy for BD which will be designed and ready for implementation in the next quarter.</p> <p>Further to the team update in the last quarter, a business partner approach has been successfully established; this now needs to be shared with the wider organisation.</p> <p>Specific working processes and business development frameworks are being developed in partnership with stakeholders to provide organisational clarity of how to pursue flexible funding opportunities. A Framework around health commissioning has been developed and approved which now needs to be implemented.</p>





#### **Corporate Risk 9.2:**

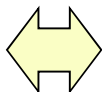


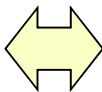
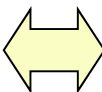
**The Fire Authority is unable to meet contractually binding arrangements for the provision of commissioned and/or paid services resulting in litigation; reduced confidence and credibility; and increased reputational damage.**



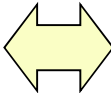
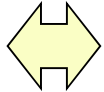
Emerging Issues	The overall risk score is 8. The risk continues to be medium. Whilst the likelihood is low, the impact of this risk is high.
Changes to control measures	The control measures effectiveness section has been updated to reflect the current position some measures.
Assurance updates	<p>The Service is testing business continuity provisions for the urgent non-injury falls provision.</p> <p>Contracts are in place for all new services. These include risk management considerations that have been assured by procurement, Sandwell legal and our insurers.</p>

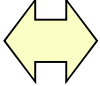
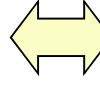
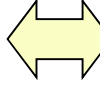

## APPENDIX 3

### Corporate Risk Assurance Map - Summary - Qtr 1 2017/18

No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
<b>CR1</b>	<b>External (Political and Legislative) Environment</b>	<b>SE Strategic Hub - Karen Gowreesunker</b>					
<b>1.1</b>	Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.				3	2	6
<b>1.2</b>	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.				3	2	6
<b>CR2</b>	<b>People</b>	<b>SE People - Sarah Warnes</b>					
<b>2.1</b>	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.				4	3	12
<b>2.2</b>	The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.				3	3	9

2.3	The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.				2	3	6
CR3	<b>Delivery of Services - Prevention</b>	<b>SE Prevention - Jason Campbell</b>					
3.1	The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.				3	3	9
3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.				3	3	9
No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
CR4	<b>Delivery of Services - Protection</b>	<b>SE Protection - Steve Taylor</b>					
4.1	The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.				3	2	6
CR5	<b>Delivery of Services – Response</b>	<b>SE Response - Simon Barry</b>					
5.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.				1	4	4

5.2	The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.				2	3	6
CR6	<b>Business Continuity &amp; Preparedness</b>	<b>SE Organisational Preparedness - Steve Vincent</b>					
6.1	The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.				4	3	12
CR7	<b>Information, Communications and Technology</b>	<b>SE ICT - Jason Danbury</b>					
7.1	The Fire Authority is unable to provide and maintain an effective ICT provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.				2	4	8
7.2	The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.				3	3	9

No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
<b>CR8</b>	<b>Finance &amp; Assets</b>	<b>SE Finance and Resources - Mike Griffiths</b>					
<b>8.1</b>	The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.				3	3	9
<b>8.2</b>	The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.				2	3	6
<b>CR9</b>	<b>Business Development</b>	<b>SE Business Development - Preith Shergill</b>					
<b>9.1</b>	The Fire Authority is unable to create, grow and sustain appropriate alternative funding opportunities and meet financial targets, through the delivery of these opportunities via the Service Delivery Model. This will result in a budget shortfall impacting upon our ability to maintain the Service Delivery Model and delivery of core services.				3	3	9
<b>9.2</b>	The Fire Authority is unable to meet contractually binding arrangements for the provision of commissioned and/or paid services resulting in litigation; reduced confidence and credibility; and increased reputational damage.				3	3	9

**Corporate Risk Quarter 1 Position Statement July 2017**

**Individual Risk Position Statement**

**Corporate Risk 1 – External (Political and Legislative) Environment**

**Corporate Risk 1.1:**

**Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the fire and rescue service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.**

Emerging Issues	<p>The overall risk score of 6 (likelihood 3 x Impact 2) and risk rating of 'low' is maintained against this new corporate risk. The likelihood of governance change is high as this is our chosen path, however the delivery of core and statutory services and impact on public safety as is provided now is unlikely to change. With a change in governance enabled through devolution and a move towards the West Midlands Combined Authority (WMCA) new roles and duties may be introduced and create more opportunity to maintain our service delivery model. The outcomes of the Future Governance Working Group and public consultation provide a critical evidence base to support the Authority's direction of Mayoral WMCA governance. This route for governance has received full approval of the Authority and support of Local Authority leaders. Recent activities have secured support from the Mayor in pursuing this direction to ensure that West Midlands Fire Service (WMFS) and wider priorities can be delivered. Discussions with both the Department for Communities and Local Government (DCLG) and Home Office (HO) will provide greater insight into the likelihood of the suggested model.</p> <p>This along with positive external relationships, commissioning, discussions around collaboration, delivery of key work streams within the Combined Authority, the impact of change on the delivery of our wider strategy is currently considered to be low.</p>
Changes to control measures	<p>A number of the control measures have been updated to reflect ongoing assurance activity. Regular engagement with the Mayor and the Police and Crime Commissioner (PCC) takes place to manage expectations around the governance change. Whilst the approach to enabling the route of governance pursued by the Authority appears to conflict HO and DCLG policy, the overall confidence of this control measure is amber.</p>



	Staff engagement remains as amber as more focused Item 5 engagement around governance will need to increase once Mayoral WMCA direction has been provided as to next steps
Assurance updates	The Risk Owner is confident that the approaches and relationships are in place to enable for the continued positive engagement of key stakeholders in changing governance structures, roles and activities to influence the wider reform agenda locally and nationally. This is enabled through direct contact locally now with the Mayor and developing our position with the Mayor. Nationally this is enabled through working with and influencing the National Fire Chiefs Council (NFCC), HO, DCLG, Local Government Association (LGA) as to fire sector change within the wider public sector, as this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward.

#### **Corporate Risk 1.2:**

**The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.**

Emerging Issues	<p>The overall risk score of 6 (likelihood 2 x Impact 3) and risk rating of 'low' is set against this new corporate risk. The Authority and Service has positioned itself successfully at this current time in securing Observer status on the Combined Authority, leading the Multiple Complex Needs work stream and through the Chief Fire Officer (CFO) taking on the Chief Executive Officer (CEO) role for Public Service Reform (PSR).</p> <p>The Authority has successfully developed new areas of commissioned 'health' work with regards to falls response and hospital discharge, supporting priorities of Local authorities, National Health Service (NHS) as well as the Service priorities.</p> <p>There are emerging issues to this risk outlined in risk 2 but also applicable to risk 9. Heightened sensitivities around communications and relationships within risk 2 may impact on the performance of this risk if delivery of commissioned services is impacted in anyway. Refer to risk 2.1.</p>
Changes to control measures	As with risk 1.1 the overall confidence in the authority's relationship and engagement with the Mayor, WMCA, PCC and other key stakeholders has been rated as amber given the route

	<p>to future governance. This takes into considered the heightened areas within risk 2.1 and slow progress with developing new Police/Fire collaborations. <span style="float: right;">Item 5</span></p> <p>The Future Governance Working Group outcomes highlighted the WMCA as having the greatest potential for collaboration. As such the developing route for future governance supports the delivery of services and future strategy of the Authority.</p> <p>Ongoing engagement with the Mayor focusing on governance, PSR and Multiple Complex Needs (MCN) provides a positive indicator regarding the position of WMFS within public service reform.</p>
Assurance updates	<p>The risk owner is confident that the current controls in place provide sufficient assurance at this point in time.</p> <p>As this is a new corporate risk and many of the controls have been in place for less than 12 months, confidence in the strength of control measures will be monitored and evaluated as we move forward</p>

## **Corporate Risk 2 - People**

### **Corporate Risk 2.1:**

**The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.**

Emerging Issues	<p>The overall risk has been increased to 12 (likelihood 4 x Impact 3) as a consequence the risk rating is now high. This is due to the ongoing national discussions regarding the pay award and the potential withdraw of support for the National Joint Council (NJC) trials.</p>
Changes to control measures	<p>Consultation</p> <p>We are working with the rep bodies regrading consultation across a range of areas.</p> <p>The outcomes of the pay award are being followed closely. A pay offer was provided and following a period of consultation this offer has now been rejected by the national Fire Brigades Union (FBU) and the withdraw of the NJC trials will commence on 24 August. The local FBU have instructed their members to withdraw from the delivery of non-emergency falls response service, back home safe and well and elements of the safe and well visit.</p>

	<p>Business Continuity Planning (BCP) has been established to ensure these services are maintained after 24 August. When the likelihood is high the impact remains at 3 this is due to the BCP arrangements being in place which will ensure the delivery of the services associated with Falls response and the wider health agenda. A key milestone will be the executive committee meeting on 24 July.</p> <p>In enabling the sustainable delivery of our services a key area of our workforce reform programme is broadening the role of a firefighter through flexible contracts. This is being achieved through new flexible contracts being issued to new entrance.</p> <p>There has been a heightened level of sensitivities regarding local representative communications and relationships. The Strategic Enabler People as the information asset owner for employee relations (ER) is using the Management of Information Policy to ensure communication to staff through WMFS infrastructures is accurate, reliable and timely. Organisational communication is being delivered through the BC project.</p> <p>We will continue to enable delivery the Employee Relations (ER) framework and actively support early discussions and seek views to enhance decision making regarding future planning and emerging change programmes within the organisation.</p> <p>Further engagement is planned for the trade unions, managers and business partners to work across stations to assist staff to understand how the employee framework is used to enable joint decision making and the importance of early engagement.</p> <p>Early consultation through the employee framework continues to support a positive working environment.</p> <p>Communication and engagement with staff continues through timely engagement regarding the BCP what's happening visits and middle manager's webinars and line manager engagement.</p>
Assurance updates	<p>Based on the re-assessment of risk and the use of MOI and the BCP as a control measure the risk owner remains confident that the frameworks and procedures are in place to maintain meaningful engagement within the organisation. As the risk, has been increased to high this will be reviewed every 6 weeks outside of any significant events.</p>

**Corporate Risk 2.2:**

Item 5

**The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.**

Emerging Issues	The overall risk score is 3 (likelihood) x 3 (impact) total 9. The risk score has been increased due to the current position as discussed in 2.1. The organisation is confident in the business continuity arrangements for the delivery of Falls Response.
Changes to control measures	<p>Workforce planning</p> <p>As part of the workforce planning and succession planning strategy, guidance to support managers through the business partners continues to be provided.</p> <p>The three-year staffing strategy continues to provide a strong level of forecasting for the organisation.</p> <p>As part of the workforce reform programme recruitment and selection for 2017/18 continues with 31 new entrance joining over July and August. Organisational learning will be taken from this to further enhance our approach to attraction, selection and development strategy.</p> <p>The delivery of our wider health work to include non-emergency falls response and back home safe and wells will be delivered through a dedicated team of support and service delivery staff. The support and required training for staff volunteering for the BC arrangements for Falls Response is currently being delivered effectively which is key factor in the overall risk score remaining at 6.</p> <p>Work within the next 12 months will continue to ensure the CRA considerations from organisational assurance are completed. This will also include the gathering of information through assessment and quality assurance the process in the areas of operational intelligence and skills fade.</p> <p>The implementation plan is progressing well regarding improvements to the assessment criteria and process being applied which will support the application of Standing Order 6/3.</p> <p>We continue to review our approach to the recruitment and selection framework and progression. This will enable individuals to have an improved understanding regarding progression and development that is based on their natural performance within the workplace, feedback and development.</p>

	<p>Attendance management remains a focus for the business. Item 5 partners who continue to work with managers to reduce the long term sick and those on restricted duties (RD) with the current number of operational staff on RD at 19 which is one of the lowest figures over the last 2 years. There is the continued focus on the ridership factor. The attendance management policy has been reviewed with the agreement to align the trigger points to support the target of reaching a ridership factor of 12.5.</p>
Assurance updates	<p>The Risk Owner has ensured that control owners have provided assurance for the controls and in particular the delivery of the BCP for Falls Response and ridership factor.</p>

### Corporate Risk 2.3:

**The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.**

Emerging Issues	<p>Overall score remains likelihood 2 (likelihood) x 3 (impact) = 6 amber. Although the SHE is performing well the focus will continue on two type of injuries – slip trips and falls and manual handling.</p>
Changes to control measures	<p>There are no changes to the control measures. The Safety Health and Wellbeing team continue to provide a collaborative and co-ordinated approach to delivering messages across the organisation.</p>
Assurance updates	<p>There continues to be good performance around key health, safety and environment performance indicators.</p> <p>The clinical governance framework has been implemented with a number of considerations being implemented through the strategic governance group.</p> <p>Ongoing improvements are being delivered through the Falls response improvement team with regards to providing appropriate levels of support and Wellbeing for crews attending Telecare, Falls Response – a number of recommendations have been identified and will be developed and implemented. This is being managed through the Strategic Enabler Prevention.</p> <p>Review of Safety, Health and Wellbeing performance across the organisation remains positive and continues to be a focus. This enables the organisation to provide a high level of confidence as to</p>

	the overall collective strength of the control environment.	Item 5
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### **Corporate Risk 3 – Delivery of Services - Prevention**

#### **Corporate Risk 3.1:**

**The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.**

Emerging Issues	<p>The risk score associated with this risk has increased to <math>3 \times 3 = 9</math>, it was previously <math>3 \times 2 = 6</math>.</p> <p>The Headquarters (HQ) Community Safety team is continuing to identify suitable working practices to positively impact on the recognised corporate risk around partnerships. The Partnerships Team now has interim arrangements in place with Commands to support, upskill and enable personnel to work in partnership supported by appropriate governance arrangements. This work began on 3<sup>rd</sup> January following a briefing note to and engagement with Operations Commanders in December.</p> <p>The team's objectives have made a positive start on addressing existing partnership arrangements to ensure that appropriate governance, monitoring and review is in place and that the governance recommendations from scrutiny were implemented.</p> <p>Despite this work the % of referrals from partners has reduced considerably in Q1. HQ Prevention and Information, Communications and Technology (ICT) are currently exploring issues in the electronic recording system to ascertain the extent to which, if any this is having an effect. The Partnerships team are hosting a series of drop in development sessions in each command area to assist crews to be able to identify key partners and maintain relationships. Operations Commanders are aware of the situation (Lengthy discussion in the Performance Improvement Meeting (PIM) on 13<sup>th</sup> July and are currently planning actions to manage this on an ongoing basis.</p>
Changes to control measures	<p>Currently there is no change to the control measures for managing corporate risk. Progress against the actions above will be monitored to identify the impact on this area of risk. A continued downturn of partnership referrals in Quarter 2 will result in an increase in risk for the organisation and additional control measures will be designed and implemented.</p>
Assurance updates	<p>Governance assurance will be provided as part of the Sandwell partnerships audit. This has been delayed by Sandwell.</p>

**Corporate Risk 3.2:**

**The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.**

Emerging Issues	<p>The risk score associated with this risk has increased from 6 to 9.</p> <p>This is to reflect the increase in risk identified in Corporate Risk 6.1 and relates to Business Continuity arrangements for Falls Response Service provision.</p>
Changes to control measures	<p>There is no change to the control measures for managing corporate risk in relation to partnership arrangements. Progress against the actions in 3.1 above will be monitored to identify the impact on this area of risk. A continued downturn of partnership referrals in Quarter 2 will result in an increase in risk for the organisation and additional control measures will be designed and implemented.</p>
Assurance updates	<p>The Scrutiny Committee report provides for a level 3 independent assurance of the control environment and this is reflected on the assurance map.</p>

**Corporate Risk 4 – Delivery of Services – Protection****Corporate Risk 4.1:**

**The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.**

Emerging Issues	<p>Overall risk score remains likelihood 3 (likelihood) x 2 (impact) = 6 medium as a result of the known issues with the ILAP Risk Based Inspection Programme and limited mitigating measures being instigated.</p> <p>The Organisational Assurance report into the effectiveness of our current Risk Based Inspection Programme (ILAP) has now been published and has highlighted required improvements to ensure compliance with the National Framework and Regulator's Code. As a result, an action plan has been agreed through SET which will address the considerations highlighted with some short-term arrangements whilst our approach to a technological risk based inspection programme is defined.</p> <p>Work has begun using a project methodology to transition from ILAP to RIDGE. This will enable the actions required to be addressed.</p>
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	As a result of the Grenfell Tower incident in London a small number of high rise buildings and other buildings have been identified as having ACM cladding resulting targeted audit and engagement activity by Fire Safety Officers.
Changes to control measures	<p>Protection teams are utilising Command Risk Profiles and intelligence refined by the IRM team as a control measure whilst the revised risk based inspection programme is being developed. Clear communication has been provided to all Protection teams to ensure they understand the most appropriate way to identify high risk premises to engage with whilst the ICT system is developed.</p> <p>Protection officers have conducted audits in each of the identified buildings in conjunction local authorities and other responsible persons. High rise buildings identified as having ACM cladding have received an SSRI visit by operational crews. An integrated approach has been adopted to support responsible persons mitigate risks to occupants in buildings where ACM cladding is suspected or confirmed through testing. The LOR has also been increased to premises confirmed or suspected of having ACM as an interim measure until the risk is removed, reduced or controlled. Work in ongoing through prevention, protection and multiagency engagement, meetings and visits.</p>
Assurance updates	Level 1 – assurance is provided by the control owner and is verified by the risk owner.

### **Corporate Risk 5 – Delivery of Services - Response**

#### **Corporate Risk 5.1:**

**The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.**

Emerging Issues	<ul style="list-style-type: none"> <li>• The collective Agreement has now been agreed until the 31<sup>st</sup> December 2017.</li> <li>• As of June 2017, we will be analysing the evidence in relation to the disturbance allowance.</li> <li>• The Financial cost of Voluntary Additional Shifts has stabilised and the ridership factor continues to decrease in line with predictions.</li> <li>• Fleet availability remains above 97% but is also being used as an effective financial control measure. Fleet availability may reduce based upon business continuity and fleet availability as a financial control.</li> </ul>
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	<ul style="list-style-type: none"> <li>• The Competency Risk Assessment has been reviewed and further work is ongoing in relation to resilience officers and their required competency.</li> <li>• There is some evidence to suggest that individuals are less likely to look to promotion due to their ability to increase their salary through the use of voluntary additional shifts.</li> <li>• A review of our technical rescue resources has been undertaken and agreed by the Strategic Enabling Team. This will ensure the technical rescue crews are fully embedded and recognised as an integral part of the organisation and our response capability</li> <li>• Enhanced governance has been put in place in relation to our specialist response capabilities</li> <li>• Identification of gaps in both local operational policies and procedures and National Operational Guidance relating to dealing with concerted indiscipline's within secure accommodation and prisons.</li> <li>• As result of the Grenfell Tower incident in London, a small number of high rise domestic premises and other premises have been identified as having ACM cladding. The LOR has been increased to these premises as an interim measure until the risk is removed, reduced or controlled. Work is ongoing through prevention, protection and multiagency meetings/visits.</li> </ul>
Changes to control measures	<p>The likelihood score remains at 1 and the impact at 4. This is due to the trade dispute being lifted and the collective agreement being in place in relation to staffing. 1 (likelihood) x 4 (impact) = 4.</p> <p>Response times to high risk incidents remains under our target of 5 minutes; currently four minutes and forty-five seconds. The introduction of 999eye linked to dynamic mobilisation should enhance our ability to deploy the right resources to the right incidents at the right time.</p> <p>In meeting the current funding challenge the Service is has implemented a staffing model in order to provide the best possible service to the community based upon risk. This staffing model has been in place for over 12 months and is now becoming more embedded. The disturbance allowance is due to be reviewed in June with any changes being introduced in line with the timescales with the review of the collective agreement.</p> <p>There has been an improvement in the attainment of WM7 competency and the CRA has now been reviewed.</p> <p>Enhanced governance arrangements have been put in place in relation to our specialist response capabilities and a review of</p>

	<p>technical rescue has been completed and recommendations agreed. Both actions should ensure that our specialist response capabilities are maintained and embedded within WMFS.</p> <p>Secure Accommodation (Prisons) Operational Procedures Local and national learning from a recent concerted indiscipline incident within Her Majesty's Prison Birmingham required fire service attendance and intervention has identified gaps within operational procedures in both WMFS policies and procedures and also recently published draft National Operational Guidance for dealing with such incidents within secure accommodation. Debrief outcomes have been incorporated within a gap analysis and a subsequent action plan derived to enable for the safe, assertive and effective delivery of response operations should a similar event occur. In recognition of our commitment to Sector continuous improvement and collaborative working, Officers from WMFS are continuing to work with their Sector colleagues to influence and enable a national approach to dealing with such incidents. A draft operational policy has been developed to support the safe and effective management of concerted indiscipline incidents through a multi-agency approach that incorporates G4S, West Midlands Police and the National Offender Management Service. The Memorandum of Understanding between WMFS and G4S responsible for Birmingham Prison has been reviewed and amended to support the revised draft operational procedures for dealing with incidents at the Prison.</p>
Assurance updates	Assurance is provided to Quarterly Performance Reporting meeting on a quarterly basis.

#### **Corporate Risk 5.2:**

**The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.**

Emerging Issues	<p>Fire Control is now operating at full establishment as a result of the recently completed Shared Fire Control review. Continual monitoring of the new staffing model takes place to ensure its effectiveness; at this time, any risk around staffing levels is being managed appropriately through revised resilience arrangements.</p> <p>The Operational Peer Assessment team recently identified in their draft report that fall-back arrangements could be enhanced and this will be a focus of an upcoming review into Fire Control's Business Continuity arrangements that has now begun and is anticipated to be completed within 3 months.</p>
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	<p>An additional area of risk is the introduction and implementation of Vision 4. The current system provides an reliable and resilient command and control mobilising system but without the introduction of Vision 4 we are unable to introduce some organisational improvements such as pre-alert and therefore progress will be monitored closely.</p> <p>An additional focus and scrutiny is ensured through quarterly Fire Control Governance Board.</p>
Changes to control measures	There is no change to the control measures associated with the effective management of this risk.
Assurance updates	Level 2 assurance is provided through the Fire Control Governance Board which is responsible for strategic direction and decision making.

### **Corporate Risk 6 – Business Continuity & Preparedness**

#### **Corporate Risk 6.1:**

**The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.**

Emerging Issues	<p><b>Industrial Action – Falls Response</b></p> <p>The national stance from the Fire Brigades Union (FBU) is to withdraw support of health services unless an agreement in pay terms is reached. An offer of a 2% pay increase with immediate effect was offered with another 3% in April 2018. A decision will be made regarding this offer on Monday 24 July 2017. A decline could mean the withdrawal of support for these health services immediately, this will include the falls response service. As a consequence, business continuity arrangements that have been developed and will be implemented this will be initially coordinated through the Incident Room. All Incident Room Managers have received training and ongoing updates of their potential involvement in supporting these arrangements.</p> <p>This national stance may also impact upon wider health services as new contractual arrangements may be put in place to support flexible funding through the Business Development Team. This will bring additional contractual requirements which will require continuity arrangements to be put in place. Through close working with the Business Development Team, these challenges</p>
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	will be managed effectively. Item 5
Changes to control measures	The overall risk score has increased due to an increase in the likelihood score due to national factors highlighted above. Therefore, the risk score is now: x 4 (likelihood) x 3 (impact) = 12 (High).
Assurance updates	<p><b>WMFS Fuel shortage plan, Local Resilience Forum plan and National Emergency Plan for Fuel.</b></p> <p>Following the release of the National Emergency Plan for Fuel (NEP-F) in March 2017, the Emergency Planning team have reviewed and amended the Strategic WMFS Fuel Shortages Business Continuity Plan. The Local Resilience Forum (LRF) have now set up a fuel task and finish group commencing 18/07/17. This group will review the West Midlands Conurbation LRF policy in relation to the National Plan and ensure it remains fit for purpose. This is due to be completed by September 2017. During this period, further updates to WMFS arrangements will be incorporated in the strategic BCP. A key update will be to test our previous assumptions around diesel and petrol resilience arrangements due to the evolvement of our blended fleet.</p> <p><b>Heatwave Plan</b> WMFS Heatwave plan was reviewed in June 2017. In addition to Metropolitan Office alerts, Incident Room Managers and Emergency Planning are also now signed up to receive Heat-Health Watch System alerts for cold and hot weather which will enable WMFS to take early action to minimise the impact of heat on peoples' health as well as activate relevant levels of the Heatwave BCP.</p> <p><b>Other Strategic BCP's</b> Other strategic BCP's such as severe weather, pandemic influenza and deniable access have been reviewed. To facilitate ease of use, this has included the merging of guidance documents and BCP actions into one single BCP with supporting appendices.</p> <p><b>Fire Control BCP</b> Fire Control are currently reviewing business continuity arrangements with support from the Emergency Planning team. This will include an updated plan structure as well as identify additional arrangements which will be in place to support the new Fire Control structure.</p> <p><b>Local Resilience Forum (LRF) Industrial Action updates – SET added to distribution list</b> The Local Resilience Forum Coordinator will include SET on the distribution list for weekly Resilience Emergency Division (RED)</p>

	<p>DCLG industrial action updates. This brief is designed for Cat 1 and 2 responders to ensure all parties have the current picture to assist with planning for an event which may impact on each service/area.</p> <p><b>HQ BCP</b> As a result of the HQ BC exercise some learning outcomes have been identified which will be embedded into the plan. This will lead to additional training provided by the Emergency Planning team with each department.</p> <p><b>Unlawful Acts</b> A new Security Plan has been developed to help manage changes to UK terrorism threat levels. It was used in the recent move to critical and has been updated with lessons learnt following the plan activation. Following the move to critical, an external Counter Terrorism security advisor has carried out an assessment of the HQ building internally and externally; these considerations will be included in the plan. As a result, a lockdown procedure for HQ is in development with a supporting e-cademy package.</p> <p><b>Recall to duty</b> ICT have procured an SMS service which is both cheaper and more reliable than the current service. As such, existing SMS services, such as recall to duty will migrate over to the new system. The new system will have increased capacity and allow more SMS messages to be sent per minute. When the proposal for the SMS system is approved, ICT will progress the procurement, and will allow the system to become a viable option for use within our developments. There would be the necessary integration work, some of which has already been done as part of 'proof of concept' work. Following this, the recall to duty system can then be facilitated through a basic app.</p> <p>Work has also taken place with ICT and administration to ensure contact details are kept up to date to create a more reliable system.</p> <p><b>Plan and review schedule – all BCP's</b> The Emergency Planning team have a schedule in place to ensure all strategic and station BCP's are reviewed yearly. This involves a review schedule for all plans including an exercise schedule. All amendments are also logged within the spreadsheet with an alerting system in place using a RAG system to highlight documents out of date.</p>
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## **Corporate Risk 7 – Information, Communications and Technology**

Item 5

### **Corporate Risk 7.1:**

**The Fire Authority is unable to provide and maintain an effective ICT provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.**

Emerging Issues	<p>The overall risk score is 8. The risk continues to be medium. The risk level is likely to reduce over the next quarter based on the implementation of Office 365. Third party consultation is being used to expedite the project. However, this needs to be balanced against the uplift in malicious cyber-attacks being experienced.</p> <p>This suite of Office 365 products will enable secure accessibility to ICT functionality from a wider range of devices and locations including ones not provided by the organisation. The majority of organisational data will be held in cloud storage thus reducing the reliance on in-house processes, procedures and infrastructure to access and maintain data. The data migration part of this project is almost complete thus reducing the risk level. Once complete the reliance upon the in-house data centre will reduce significantly.</p> <p>We are working with external companies and peers in following national guidance with regard the recent increase in cyber security threat</p> <p>Transfer of organisational responsibility from Department of Communities and Local Government to the Home office may change information security requirements but these are still unconfirmed.</p>
Changes to control measures	<p>The implementation of Office 365 reduces the impact significantly of the loss of an on-premises data centre.</p> <p>Work is ongoing to establish accreditation for Code of Connection (CoCo) to the Emergency Services Network (ESN) and the Public Services Network (PSN).</p> <p>Ensuring Home Office and NFCC requirements around cyber security threats are met.</p>
Assurance updates	<p>The overall risk confidence opinion is amber.</p>

**Corporate Risk 7.2:**

**The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.**

Emerging Issues	The overall risk score remains unchanged at 9 and the risk continues to be medium. The risk level may reduce further over the next few quarters as the Management of Information Framework is embedded and improved.
Changes to control measures	<p>Training and Development have been provided to the Strategic Enabling Team (SET) as Information Asset Owners to ensure that they can undertake their role excellently using a risk based approach to information security.</p> <p>Advice and guidance about information security has been published to all employees and will be embedded further by the rollout of bespoke training packages to measure organisational understanding. Automated tools for marking documents and managing requests will replace the existing processes and provide better assurance by auditing compliance with the Management of Information framework.</p>
Assurance updates	The overall risk confidence opinion is amber.

**Corporate Risk 8 – Finance & Assets****Corporate Risk 8.1:**

**The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.**

Emerging Issues	<p>The risk score remains at 3 (Likelihood) x 3 (Impact) = 9. The overall risk level is Medium.</p> <p>In February 2016, The Government communicated the Authority's Core Funding settlement. In setting out a provisional 4-year settlement, confirmation was received that the core funding reduction would be circa £10 Million by 2019/20. Whilst this reduction is less than was forecast, it still presents a significant challenge to the Service in terms of setting a balanced budget. In planning for significant funding reductions, the Service has in place a number approaches to bridge the funding gap. Year's two to four of the settlement period are subject to the submission and approval of an Efficiency Plan. The content of the Efficiency Plan was considered and approved by the Fire</p>
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	Authority on 19 <sup>th</sup> September 2016 and submitted to the Home Office by 14 <sup>th</sup> October 2016. The Finance Settlement for the 5 period 2017/18 to 2019/20 received in February 2017 was broadly in line with the figures used as the basis for the Efficiency Statement. However, given the ongoing changes to the staffing arrangements which have not been fully embedded (£4 million of the Efficiency Plan) combined with the commissioning target of £2 million as part of the Efficiency Plan, which has not been fully achieved at this stage, the Risk Owner considers the likelihood score of 3 should remain unchanged at this stage.
Changes to control measures	The Authority continues to manage its budget and accounts in such a way that has enabled for an unqualified financial opinion and value for money conclusion to be provided by the external auditors. This has been confirmed to the Authority and provides a substantial independent assurance as to the quality of the financial management arrangements.
Assurance updates	<p>The work and associated reports of the external auditor provides assurance against a number of controls in place to manage against the realisation of risk on the assurance map.</p> <p>Level 1 assurance has been provided across the majority of the control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by a number of level 3 assurances. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p> <p>The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk.</p>

#### **Corporate Risk 8.2:**

**The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.**

Emerging Issues	The risk score is 2 (Likelihood) x 3 (Impact) = 6. The overall risk level is Medium.
Changes to control measures	There is no change to the control measures associated with the effective management of this risk
Assurance updates	The work and associated reports of the Internal Auditor and External Auditor provides assurance against a number of controls in place to manage against the realisation of risk on the assurance map.



	<p>Level 1 assurance has been provided across the majority of the 5 control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers and are supported by a number of level 3 assurances. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p> <p>The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk.</p>
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## **Corporate Risk 9 – Business Development**

### **Corporate Risk 9.1:**

**The Fire Authority is unable to create, grow and sustain appropriate flexible funding opportunities and meet financial targets, through the delivery of these opportunities via the Service Delivery Model. This will result in a budget shortfall impacting upon our ability to maintain the Service Delivery Model and delivery of core services.**

Emerging Issues	<p>The overall risk score is 9. The risk continues to be medium. There has been some delay in implementation, however, risk level is likely to reduce over the next quarter when the Business Development (BD) strategy, BD Programme and BD &amp; Prevention organisational frameworks are in place. Further discussions around new services and growth areas have been established.</p> <p>The Strategic Enabler Business Development and the Strategic Enabler Prevention have been working closely together and there is further clarity around delivering BD within the Prevention agenda through the support of the internal health framework. This will be implemented this Quarter.</p>
Changes to control measures	<p>The control measures effectiveness section has been updated to reflect the current position of each measure. These predominantly range between medium and low risk.</p>
Assurance updates	<p>SET members and the BD team are working to develop internal frameworks and systems to ensure governance and risk management alongside a co-ordinated approach to dealing with new alternative funding opportunities. Whilst also working to diversify our work from just health to other commissioning opportunities, commercial streams and Sponsorship.</p> <p>A key project moving forward is developing the marketing strategy for BD which will be designed and ready for</p>

	<p>implementation in the next quarter.</p> <p style="text-align: right;">Item 5</p> <p>Further to the team update in the last quarter, a business partner approach has been successfully established; this now needs to be shared with the wider organisation.</p> <p>Specific working processes and business development frameworks are being developed in partnership with stakeholders to provide organisational clarity of how to pursue flexible funding opportunities. A Framework around health commissioning has been developed and approved which now needs to be implemented.</p>
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### **Corporate Risk 9.2:**

**The Fire Authority is unable to meet contractually binding arrangements for the provision of commissioned and/or paid services resulting in litigation; reduced confidence and credibility; and increased reputational damage.**

Emerging Issues	The overall risk score has increased to 9. Overall, the risk continues to be medium.
Changes to control measures	<p>As detailed in Corporate Risk (CR) 6 above and the national position of the FBU with regards to Falls Response, the likelihood score has increased to 3. The Impact score had reduced to 3 as there would be no national impact if this were to the workforce were to withdraw from undertaking health related work.</p> <p>Likelihood 3 x Impact 3 = 9</p> <p>The control measures effectiveness section has been updated to reflect the current position some measures.</p>
Assurance updates	<p>As detailed in CR 6 above, the Business Continuity Plans have been reviewed and developed with layered control measures put in place to maintain contractual commitments.</p> <p>Contracts are in place for all new services. These include risk management considerations that have been assured by procurement, Sandwell legal and our insurers.</p>

**Minutes of a meeting of the Pensions Board**

**20<sup>th</sup> July 2017 at 1100 hours**

**at Fire Service Headquarters, Vauxhall Road, Birmingham**

**Present:** Mr Neil Chamberlain (Chair)

Mr Kal Shoker

Mr Andrew Dennis

Mr Paul Gwynn (Adviser)

**Apologies:** Mr Stuart Bourne

Ms Wendy Browning-Sampson

**2/17 Declarations of Interest**

Mr Andrew Dennis declared an interest stating that he is in receipt of a Fire Service Pension.

**3/17 Minutes of the Pension Board held 6<sup>th</sup> February 2017 actions arising**

The minutes were agreed as a correct record.

Action 1 – Pension Adviser to liaise with another Fire Service regarding sample checking of pension records for deferred members. The Pension Advisor to complete. Carry over to action sheet.

Action 2 – The Adviser to ensure that the link to the Discretions Policy to the Pensions page on the Intranet to the Pay Policy Document on Pensions Page is complete.

Action 3 – The Advisor had appointed an additional team member so the responses times improving.

Action 4 – Mr Shoker has liaised with the Treasurer who had liaised with Malcolm Eastwood, Chair of the National Pension Board, to consider various issues.

Action 5 – The Terms of Reference had been updated and was submitted for approval by the Pension Board on 20 July 2017.

Action 6 – The Terms of Reference had been amended to reflect the arrangements for a Chair of the Board in the absence of the Independent Chair. <sup>Item 6</sup>

Action 7 – A draft Annual Pension Board report had been submitted for approval by the Pensions Board on 20 July 2017.

Action 8 – The Public Service Governance Survey had been presented to the Audit Committee on

Action 9 – The risk register had been updated regarding the Legal Challenge in respect of the Transitional Regulations.

Action 10 – Details of the LGA Pension Board training on 22<sup>nd</sup> August 2017 had been circulated to the Members of the Board.

#### 4/17 Minutes of Pension Board held on 9 May 2017

The Pension Advisor stated new recruits are now contractually into the Pension Scheme. Approximately, 90 percent of firefighters are in the Pension Scheme. Pension Advisor to report at the next Pension Board meeting what percentage of firefighters auto re-enrolled remained in the scheme after the 1 August 2016.

#### 5/17 Pension Section Supporting Information

The Pension Advisor stated there is a 3-month turnaround for any queries, however, there are some exceptions and queries are prioritised. The Pension Advisor to provide more details about performance at the next Pension Board meeting and to state what demands have been made. The latest statistical details were contained within the report.

#### 6/17 Amended terms of Reference for the Pensions Board for approval

The Chair stated all members are to report back to Julie Connor with any final amendments by the 18 August prior to the Terms of Reference being submitted to the Audit Committee for noting.

#### 7/17 Reporting Breaches Policy

The Pensions Board discussed the policy and agreed to communicate any further changes with the Chair or Wendy Browning Sampson by 31 August 2017. Any future breaches to be discussed with the Chair.

8/17 Pensions Board Annual Report 2016/17

Item 6

The Pensions Board discussed and agreed the Annual Report. The report would be submitted to the Audit Committee for noting.

9/17 The Pension Regulator – Public Service governance and administration survey 2016

The Pension Board discussed the report and agreed that the Pension Advisor and Mr Shoker need to provide a response to the report by 30 September 2017 taking on board the feedback from Claire Allcock.

10/17 Risk Register

The Pension Board considered the Risk Register, however, further risks were required to be included. did not approve this document.

11/17 Consideration of future Membership of Pension Board

The Pension Board agreed to arrange a meeting to be organised for the election of the employee representatives on the Pension Board. A similar process would be run and a similar process adopted as previously arranged and appointment would be put in place by 31 May 2018. The name of the Employee Representatives will be communicated to the members of the scheme.

12/17 Update on Topical, Legal and Regulatory Issues

Pension Advisor updated there have been no major backdated payments in 2017. GMP has not been completed and is ongoing. Pension Advisor to add the report to the Risk Register. Report to be fed back to Mike Griffiths.

13/17 Training

Members should contact Julie Connor if they would like to attend the LGA training on 22 August 2018 by the end of July. The Chair to circulate to members of the Pensions Board the skills audit that is used by the Police, for completion. Responses to be sent back by 30 September 2017. The Chair to liaise with Julie Connor regarding this.

14/17 Dates for Pension Boards 2018

Item 6

19 February 2018 at 1400 hours

16 July 2018 at 1400 hours

The dates were noted the Board.

15/17 Pension Board Work Programme 2017-18

The Pension Board Work Programme was noted. 26 March 2017 would be amended to read 2018.

16/17 Pension Board Activity Log 2016 – 17 – JC

The Pension Board Activity log was noted.

17/17 Any other business

The Pension Advisor informed the Pension Board that he would be approaching the Audit Committee with an issue that needed ratification.

PENSIONS BOARD20 July 2017ACTIONS

Action No.	Action
1.	Pension Advisor to liaise with another Fire Service regarding sample checking of Pension records for deferred members.
2.	Pension Advisor to provide what percentage of Firefighters have remained in the Pension Scheme having been re-enrolled on 1 August 2016.
3.	Pension Advisor to provide more detailed information regarding the performance the Pension's department.
4.	Amended Terms of Reference - all members to report back to Julie Connor by the 18 August ready for the Audit Committee.
5.	Pension Advisor and Mr Shoker to provide response to the Pension Regulator – Service governance administration report by 30 September 2017 to Julie.
6.	Pension Advisor to update the Risk Register and to add the Guaranteed Minimum Pension to the Risk Register and to consult with the Treasurer.
7.	Election of new Employee Representatives to be organised following the Pension Board in February 2018.
8.	Members to contact Julie Connor if they would like to attend the LGA training by 30 July 2017.
9.	The Chair to circulate the skills audit used by the Police to Pension Board members for completion. Responses to be sent back by 30 September 2017. The Chair to liaise with Julie Connor.

Item 6



# **WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

Item 7

## **AUDIT COMMITTEE**

**4 SEPTEMBER 2017**

### **1. PENSIONS BOARD – AMENDED TERMS OF REFERENCE**

Report of the Chair of the Pensions Board.

RECOMMENDED

That the Audit Committee as Scheme Manager approve the amended Terms of Reference for the West Midlands Fire and Rescue Authority – Pension Board.

### **2. PURPOSE OF REPORT**

This report seeks approval of the amended Terms of Reference for the West Midlands Fire and Rescue Authority (WMFRA) Local Pension Board. The amended Terms of Reference were agreed by the Local Pension Board at its meeting on the 20 July 2017. (Appendix 1).

### **3. BACKGROUND**

- 3.1 The Audit Committee as Scheme Manager, has delegated its responsibility for ensuring the effective and efficient governance and administration of the Firefighters Pension Scheme for the West Midlands Fire and Rescue Authority to the Pension Board.
- 3.2 The Pension Board assists the Scheme Manager to secure the effective and efficient governance and administration of the Pension Scheme for the West Midlands Fire and Rescue Authority.

- 3.3 The Quorum section of the Terms of Reference has been amended and now includes the following statement: <sup>Item 7</sup>

“In the absence of the Independent Chair, a Chair person will be selected on a rotational basis between employee and employer representatives”.

- 3.4 A new section, Reporting Breaches, is included in the Terms of Reference as follows:

“Pension Board members are required to report breaches of the law to the regulator where they believe there is a legal duty that has not or is not being complied with or the failure to comply will be of material significance to the Pensions Regulator in the exercise of its functions. Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document.”

#### 4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

#### 5. **LEGAL IMPLICATIONS**

The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013.

#### 6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from the contents of the report.

#### 7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications arising from this report.

## **BACKGROUND PAPERS**

Item 7

Audit Committee 7 September 2015  
Pension Board 20 July 2017

The contact officer for this report is Neil Chamberlain,  
Independent Chair of the Pensions Board

Item 7

**Terms of Reference for the Pension Board of the West Midlands Fire & Rescue Authority**

Terms of Reference and Delegated Authorities

**Introduction**

This **purpose of this** document outlines the terms of reference for the local Pension Board of the West Midlands Fire & Rescue Authority.

**Role of the Pension Board**

The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013 is to-

- Assist the Scheme Manager:
  - to secure compliance with the Scheme regulations and any other legislation relating to the governance and administration of the Firefighters' Pension Scheme ("the Scheme").
  - to secure compliance with requirements imposed in relation to the Scheme by the Pensions Regulator.
  - in such other matters as the Scheme regulations may specify.
- Secure the effective and efficient governance and administration of the Scheme for the West Midlands Fire & Rescue Authority.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also ensure that the Scheme is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

## **Appointment of Member of the Pension Board**

Item 7

The process for selecting members of the Pension Board is set out below:-

The Fire Service will consider matters such as who is eligible to stand, how the nomination process will work and what sort of information candidates will need to submit. The Service will appoint through election or selection with the rules of governing the process. The Fire Authority has an independent chair who will chair the Pension Board meetings, this role will be an independent role.

The Pension Board shall consist of 5 members and be constituted as follows:-

- i) 2 employer representatives, which have been identified, and appointed
- ii) 2 scheme member representatives, which have been identified, and elected
- iii) 1 independent chair selected.

Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Board's membership.

The Chair of the Pension Board will be determined by the Authority. It will be the role of the Chair to ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

The term of office for the Chair will be determined by the Scheme Manager.

Each employer representative and scheme member representative so appointed shall serve for a fixed period (of up to three years) which can be extended for further period(s) subject to re-nomination and/or election.

Each Board Member should endeavour to attend all Board meetings during the year and is required to attend at least 2 meetings each year. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience. Notwithstanding the appointment of co-opted members, the majority of the Board shall be comprised of employer and Scheme member representative, represented in equal number.

(Official – WMFS – Public)

## **Quorum**

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The Board shall have a formal quorum when at least one employee representative and one employer representative are in attendance.

In the absence of the Independent Chair, a Chair person will be selected on a rotational basis between employee and employer representatives.

Advisors and co-opted persons do not count towards the quorum.

## **Conflicts of Interest**

The policy for identifying conflicts of interest is set out in a separate policy document. Any conflicts of interest that would prevent you from carrying out the role effectively will need to be highlighted to the Service.

## **Board Review Process**

The Board will undertake at the first meeting of the year, a formal review process to assess how well it and its committees and the members are performing with a view to seeking continuous improvement in the Board's performance.

## **Advisers to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:-

- A Governance Adviser.
- The Fund's Actuary.
- The Fund's Administrator.
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.

The Board shall ensure that the performance of the advisers so appointed are reviewed on a regular basis.

## **Knowledge and Skills**

The Code of Practice No. 14 Governance and Administration of public service pension schemes states “A member of the Pension Board must have a working knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the function of their role. Pension board members should be aware of the range and extent of the law relating to pensions which apply to their Scheme and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties”.

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members should regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Pension Board members will be expected to attend training to ensure that their knowledge and skills are maintained.

## **Board Meetings – Notice and Minutes**

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board or Board Committee, they shall be circulated to all members of the Board and forwarded to the Scheme Manager.

There will be two Pension Board meetings a year to be held six monthly. The minutes of the Pension Board will be approved by the Scheme Manager and shared with pension scheme members.

## **Remit of the Board**

The Pension Board must assist the Scheme Manager with such other matters as the Scheme regulations may specify. It is for Scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails.

## **Standards of Conduct**

The role of Pension Board members requires the highest standards of conduct and therefore the 'seven principles of public life will be applied to all Pension Board members and embodied in their code of conduct.



These are:-

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership.

Item 7

### **Decision Making**

Each member of the Pension Board will have an individual voting right but it is expected the Pension Board will, as far as possible, reach a consensus. The Independent Chair of the Pension Board will not have voting rights.

### **Publication of Pension Board Information**

Scheme Members and other interested parties will want to know that the Scheme is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with Scheme regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

Up to date information will be posted on the West Midlands Fire & Rescue Authority website showing:-

- The names and information of the Pension Board members.
- How the Scheme members are represented on the Pension Board.
- The responsibilities of the Pension Board as a whole.
- The full terms of reference and policies of the Pension Board and how they operate.
- The Pension Board appointment process.
- Who each individual Pension Board member represents.
- Any specific roles and responsibilities of individual Pension Board members.

Pension Board papers, agendas and minutes of meetings will be

published on the West Midlands Fire & Rescue Authority website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they are deemed as being confidential for the purposes of the Data Protection Act 1998.

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The Scheme Manager will also consider requests for additional information to be published or made available to individual Scheme members to encourage Scheme member engagement and promote a culture of openness and transparency.

### **Accountability**

The Pension Board will be collectively and individually accountable to the Scheme Manager.

### **Expense Reimbursement [Remuneration and Allowances]**

There will be no specific remuneration for undertaking the role of representative on the Local Pension Board. However, travel expenses in line with public transport or car mileage may be claimed with a valid receipt.

### **Reporting Breaches**

Pension Board members are required to report breaches of the law to the regulator where they believe there is a legal duty that has not or is not being complied with or the failure to comply will be of material significance to the Pensions Regulator in the exercise of its functions. Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document.

### **Definitions**

The undernoted terms shall have the following meaning when used in this document.

"Pension Board" or Authority "Board"	Means the local Pension Board for the Fire as required under the Public Service Pensions Act 2013.
"Scheme Manager"	Means the West Midlands Fire & Rescue Authority as administering authority of the Pension Fund.
"Chair"	Reference to duties to be performed, or authorise exercised, by the Chair.
"Scheme"	Means the Firefighters' Pension Schemes.
"West Midlands Fire & Rescue Authority"	Means the West Midlands Fire & Rescue Authority.

**Interpretation**

Item 7

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.

Item 7

**AUDIT COMMITTEE**

**4 SEPTEMBER 2017**

1. **ANNUAL REPORT OF THE PENSIONS BOARD 2016/17**

Report of the Chair of the Pensions Board.

RECOMMENDED

That the Committee note the Pension Board Annual Report 2016/17.

2. **PURPOSE OF REPORT**

This report is submitted to inform Members of the Audit Committee of the work undertaken by the Pension Board during 2016/2017.

3. **BACKGROUND**

- 3.1 The Audit Committee as Scheme Manager, has delegated its responsibility for ensuring the effective and efficient governance and administration of the Firefighters Pension Scheme for the West Midlands Fire and Rescue Authority to the Pension Board.
- 3.2 The Pension Board assists the Scheme Manager to secure the effective and efficient governance and administration of the Pension Scheme for the West Midlands Fire and Rescue Authority.

4. **EQUALITY IMPACT ASSESSMENT**

Item 8

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications arising from this report.

**BACKGROUND PAPERS**

None.

Neil Chamberlain  
Independent Chair of the Pensions Board

## Annual Report of the Pensions Board 2016/17

## 1. Background

The Pension Board was established by the Audit Committee to delegate its duties by Fire Authority in 2015.

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The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013 is to-

- Assist the Scheme Manager:
  - to secure compliance with the Scheme regulations and any other legislation relating to the governance and administration of the Firefighters' Pension Scheme ("the Scheme").
  - to secure compliance with requirements imposed in relation to the Scheme by the Pensions Regulator.
  - in such other matters as the Scheme regulations may specify.
- Secure the effective and efficient governance and administration of the Scheme for the West Midlands Fire & Rescue Authority.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also ensure that the Scheme is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

The full Terms of Reference for the Committee can be found at Appendix A of this report.

## 2. Meetings

During 2016/17 the Committee met on the following dates:

- 11 July 2016
- 25 October 2016
- 6 February 2017



### 3. Attendance

	11/7/16	25/10/16	6/2/17	09/05/17
Stuart Bourne Employee Representative	x	x	√	x
Wendy Browning-Sampson Employer Representative	√	√	√	√
David Wilkin Independent Chair	√	x	x	x
Neil Chamberlain Independent Chair	N/A	N/A	x	√
Kal Shoker Employer Representative	√	√	√	√
Andrew Dennis Employee Representative	√	√	√	x
Paul Gwynn (Adviser)	√	√	√	√

### 4. The Committee's business

During the year the Committee conducted the following business:

Completion of The Pension Regulator – Public Service Governance Survey

Following the resignation of David Wilkin, the Pension Board welcomed a new Chair, Neil Chamberlain

Created a Risk Register, Activity Log and Work Programme

Received Regular Updates from the Pension Adviser

Discretions Policy Approval by Audit Committee and Published a link to this

Received a comparison of Pension Schemes

Identified a Breach of Regulations and reported this to Audit Committee.

Addressed the failure to produce the Annual Benefit Statement in 2016 and put steps in place to ensure that no duplication of this would occur. Held an extraordinary meeting to receive an update on the progress made for the production of the Annual Benefit Statement 2017 against the Action Plan agreed at the Extraordinary Pension Board on 25 October 2016.

Attendance at Annual Pensions Conference October 2016

Attendance at Regional Training September 2016

Submitted Minutes to the Audit Committee

## 5. The Committee's main achievements

The Committee believes its key achievements during the year were:

- Continuing to build a good working relationship with the Audit Committee
- Receiving and reviewing a number of useful sector updates from The Pension Regulator.
- Reviewing the Committee's Terms of Reference in order to ensure they remain fit for purpose.
- Providing additional assurance following a Breach of the Regulations and putting processes in place to prevent a reoccurrence
- Raising the profile of the Pensions Board ensuring regular communication with members of the Scheme
- Regular consideration and review of the Pension Board Risk Register and accompanying assurances.
- Building the skills and knowledge of Committee members through regular technical updates from the Pension Adviser
- The continued presence of the Adviser to receive regular updates
- Recruited an independent Chair in order to broaden the Committee's experience and provide an independent view point.
- Creation and Approval of a Discretions Policy

**Terms of Reference for the Pension Board of the West Midlands Fire & Rescue Authority** Item 8

Terms of Reference and Delegated Authorities

**Introduction**

The purpose of this document is to set of the terms of reference for the local Pension Board of the West Midlands Fire & Rescue Authority.

**Role of the Pension Board**

The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013 is to-

- Assist the Scheme Manager:
  - to secure compliance with the Scheme regulations and any other legislation relating to the governance and administration of the Firefighters' Pension Scheme ("the Scheme").
  - to secure compliance with requirements imposed in relation to the Scheme by the Pensions Regulator.
  - in such other matters as the Scheme regulations may specify.
- Secure the effective and efficient governance and administration of the Scheme for the West Midlands Fire & Rescue Authority.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also ensure that the Scheme is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

## **Appointment of Member of the Pension Board**

The process for selecting members of the Pension Board is set out below:-  
Item 8

The Fire Service will consider matters such as who is eligible to stand, how the nomination process will work and what sort of information candidates will need to submit. The Service will appoint through election or selection with the rules of governing the process. The Fire Authority has an independent chair who will chair the Pension Board meetings, this role will be an independent role.

The Pension Board shall consist of 5 members and be constituted as follows:-

- i) 2 employer representatives, which have been identified, and appointed
- ii) 2 scheme member representatives, which have been identified, and elected
- iii) 1 independent chair selected.

Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Board's membership.

The Chair of the Pension Board will be determined by the Authority. It will be the role of the Chair to ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

The term of office for the Chair will be determined by the Scheme Manager.

Each employer representative and scheme member representative so appointed shall serve for a fixed period (of up to three years) which can be extended for further period(s) subject to re-nomination and/or election.

Each Board Member should endeavour to attend all Board meetings during the year and is required to attend at least 2 meetings each year. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience. Notwithstanding the appointment of co-opted members, the majority of the Board shall be comprised of employer and Scheme member representative, represented in equal number.

## **Quorum**

The Board shall have a formal quorum when at least one employee representative and one employer representative are in attendance. Item 8

Advisors and co-opted persons do not count towards the quorum.

## **Conflicts of Interest**

The policy for identifying conflicts of interest is set out in a separate policy document. Any conflicts of interest that would prevent you from carrying out the role effectively will need to be highlighted to the Service.

## **Board Review Process**

The Board will undertake at the first meeting of the year, a formal review process to assess how well it and its committees and the members are performing with a view to seeking continuous improvement in the Board's performance.

## **Advisers to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:-

- A Governance Adviser.
- The Fund's Actuary.
- The Fund's Administrator.
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.

The Board shall ensure that the performance of the advisers so appointed are reviewed on a regular basis.

## **Knowledge and Skills**

The Code of Practice No. 14 Governance and Administration of public service pension schemes states "A member of the Pension Board must have a working knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the function of their role. Pension board members should be aware of the range and extent of the law relating to pensions which apply to their Scheme and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties".

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

#### Item 8

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members should regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Pension Board members will be expected to attend training to ensure that their knowledge and skills are maintained.

### **Board Meetings – Notice and Minutes**

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board or Board Committee, they shall be circulated to all members of the Board and forwarded to the Scheme Manager.

There will be two Pension Board meetings a year to be held six monthly. The minutes of the Pension Board will be approved by the Scheme Manager and shared with pension scheme members.

### **Remit of the Board**

The Pension Board must assist the Scheme Manager with such other matters as the Scheme regulations may specify. It is for Scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails.

### **Standards of Conduct**

The role of Pension Board members requires the highest standards of conduct and therefore the 'seven principles of public life will be applied to all Pension Board members and embodied in their code of conduct.

These are:-

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness

- Honesty
- Leadership.

Item 8

### **Decision Making**

Each member of the Pension Board will have an individual voting right but it is expected the Pension Board will, as far as possible, reach a consensus. The Independent Chair of the Pension Board will not have voting rights.

### **Publication of Pension Board Information**

Scheme Members and other interested parties will want to know that the Scheme is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with Scheme regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

Up to date information will be posted on the West Midlands Fire & Rescue Authority website showing:-

- The names and information of the Pension Board members.
- How the Scheme members are represented on the Pension Board.
- The responsibilities of the Pension Board as a whole.
- The full terms of reference and policies of the Pension Board and how they operate.
- The Pension Board appointment process.
- Who each individual Pension Board member represents.
- Any specific roles and responsibilities of individual Pension Board members.

Pension Board papers, agendas and minutes of meetings will be published on the West Midlands Fire & Rescue Authority website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they are deemed as being confidential for the purposes of the Data Protection Act 1998.

The Scheme Manager will also consider requests for additional information to be published or made available to individual Scheme members to encourage Scheme member engagement and promote a culture of openness and transparency.

### **Accountability**

The Pension Board will be collectively and individually accountable to the Scheme Manager.

## **Expense Reimbursement [Remuneration and Allowances]**

There will be no specific remuneration for undertaking the role of representative on the Local Pension Board. However, travel expenses in line with public transport or car mileage may be claimed with a valid receipt.

Item 8

## **Reporting Breaches**

Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in the Authority's Whistle Blowing Policy attached here: [the Whistle Blowing Policy](#).

## **Definitions**

The undernoted terms shall have the following meaning when used in this document.

"Pension Board" or Authority "Board"	Means the local Pension Board for the Fire as required under the Public Service Pensions Act 2013.
"Scheme Manager"	Means the West Midlands Fire & Rescue Authority as administering authority of the Pension Fund.
"Chair"	Reference to duties to be performed, or authorise exercised, by the Chair.
"Scheme"	Means the Firefighters' Pension Schemes.
"West Midlands Fire & Rescue Authority"	Means the West Midlands Fire & Rescue Authority.

## **Interpretation**

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.



# WEST MIDLANDS FIRE AND RESCUE AUTHORITY

## AUDIT COMMITTEE WORK PROGRAMME 2017/18

Date of Meeting	Item	Responsible Officer	Completed
<b>2017</b>			
24 July	Audit Findings 2016/17  Statement of Accounts 2016/17 (Approval)  Treasury Management Annual Report 2016/17  Minutes of the Audit Committee held on 12 June 2017  Audit Committee Draft Work Plan 2017/18	Grant Thornton  Grant Thornton  Treasurer  Democratic Officer  Democratic Officer	
4 September	Corporate Risk Six Monthly Report  Audit Committee Update  Minutes of the Audit Committee held on 24 July 2017  Minutes of the Pension Board held on 20 July 2017 Work Programme 2017/18	Director of Service Support  Grant Thornton  Democratic Officer  Democratic Officer	

[ILO: UNCLASSIFIED]

18 September [Authority]	Audit Findings 2016/17 Statement of Accounts 2016/17 (note)	Grant Thornton Treasurer	

13 November	Treasury Management – Mid year review 2017/18 Appointment of the External Auditor Briefing on ESMCP Annual Audit Letter 2016/17 Audit Committee Update Internal Audit Progress Report Assessment of Good Practice and Effectiveness Minutes of the Audit Committee held on 4 September 2017 Audit Committee Work Plan	Treasurer Treasurer DCFO Grant Thornton Grant Thornton Audit Manager Audit Manager Democratic Officer Democratic Officer	
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2018			
15 January 2018	Internal Audit Progress Report  Internal Audit Charter – Annual Review  Audit Committee Update  Minutes of the Audit Committee held on 13 November 2017  Audit Committee Work Plan	Audit Manager  Audit Manager  Grant Thornton  Democratic Officer  Democratic Officer	

26 March 2018	<p>Audit Committee Update Communication with the Audit Committee for WMFRA Audit Plan 2017/18</p> <p>Internal Audit Plan 2017/18 Audit Committee Terms of Reference</p> <p>External Audit Work Programme and Scale of Fees</p> <p>Corporate Risk Report Six Monthly Update</p> <p>Minutes of the Pensions Board held in February 2018</p> <p>Minutes of the Audit Committee held on 15 January 2018</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i></p>	<p>Grant Thornton Grant Thornton</p> <p>Grant Thornton</p> <p>Audit Manager Audit Manager</p> <p>Director of Service Support</p> <p>Director of Service Support</p> <p>Pensions Board Representative</p> <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Audit Manager</i></p>	
4 June 2018	<p>Annual Internal Audit Report 2017/18</p> <p>Governance Statement 2017/18</p> <p>Monitoring Policies and RIPA (Annual Whistleblowing Report)</p>	<p>Audit Manager</p> <p>Treasurer Monitoring Officer/Director of Service Support</p>	

	Annual Report of the Audit Committee for approval  Audit Committee – Verbal Update  Minutes of the Audit Committee held on 26 March 2018  Audit Committee Work Plan  <i>Committee Members’ Private meeting with External Auditors</i>  <i>Workshop for Members on Statement of Accounts 2017/18</i>	Chair  Grant Thornton  Democratic Officer Democratic Officer  <i>Grant Thornton</i>  <i>Treasurer</i>	
25 June 2018 [Authority]	Governance Statement 2017/2018  Audit Committee – Terms of Reference, Annual Review (will now be reported to the Authority’s AGM)  Annual Report of the Audit Committee 2017/18	Treasurer  Audit Manager  Chair	
23 July 2018 (Audit Committee 2018/19)	Audit Findings 2017/18 Statement of Accounts 2017/18 (Approval)  Treasury Management Annual Report 2017/18  Audit Committee Draft Work Plan 2018/19	Grant Thornton Grant Thornton  Treasurer  Democratic Officer	