

# **West Midlands Fire and Rescue Authority**

## **Audit Committee**

**You are summoned to attend the meeting of Audit Committee to be held on  
Monday, 05 September 2016 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**

- |   |   |                |
|---|---|----------------|
| 1 | To receive apologies for absence (if any)                                       |                |
| 2 | Declarations of interests   |                |
| 3 | Minutes of the Audit Committee held on 25 July 2016                             | <b>3 - 10</b>  |
| 4 | Corporate Risk Update   | <b>11 - 44</b> |
| 5 | Notification of Submission of the Annual Scheme Return to the Pension Regulator | <b>45 - 66</b> |
| 6 | Audit Committee Update for WMFRA  | <b>67 - 80</b> |
| 7 | CIPFA Audit Committee Update  | <b>81 - 82</b> |
| 8 | Audit Work Programme 2016-17  | <b>83 - 88</b> |
| 9 | Update on Topical, Legal and Regulatory Issues (Verbal Report).                 |                |

#### **Distribution:**

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

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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)**

## **Minutes of the Audit Committee**

**25 July 2016 at 10.30 pm**  
**at Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW**

**Present:** Councillors Aston, T Singh and Barrie

**Apologies:** Councillors B Singh and P Singh  
Mr Ager (Independent Member)

### **30/16 Minutes of the Audit Committee held on 6 June 2016**

**Resolved** that the minutes of the meeting held on 6 June 2016, be approved as a correct record.

### **31/16 Audit Findings 2015/16**

The Committee considered the Audit Findings Report (AFR). The AFR set out and reported 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.

The Auditor from Grant Thornton UK presented the AFR and explained the findings to the members of the Committee. The Auditor highlighted the key messages arising from their audit of the draft accounts.

The AFR will be presented to the Fire Authority at its meeting on the 19 September 2016. The Auditor explained that he was required to provide an Opinion by the end of September 2016 and he congratulated the Financial Management Team on their achievement of producing the Statement of Accounts two months earlier than in previous years.

A requirement by the National Audit Office is that an amended sentence will be required in the Audit Opinion (Appendix B) due to the late publication of the Whole of Governments Return (WGA).

A standard Letter of Representation has been requested by the Auditor from the Authority indicating that all relevant information has been disclosed. The Letter of Representation was circulated to the Committee for their information.

The Auditor indicated that the AFR was a very good report and there was very little wrong with the accounts and stated that any issues were inconsequential.

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.

The Auditor's assessment of accounting policies, estimates and judgements was green, indicating that accounting policies were appropriate and the disclosures were sufficient.

Only one change was required to Note 9 Financial Instruments, this was reported under "misclassifications and disclosure changes".

The Auditor felt that the Authority had some challenges to face going forward due to the pace of change, particularly following the move to the Home Office and the Police and Crime Bill, and stated that the Authority should continue to keep partnerships and governance under review over the coming months and years.

The Auditor concluded that through the Authority's Medium Term Financial Strategy, adequate financial arrangements are in place.

The Auditor confirmed the final fees charged for the audit and provision of non-audit services. The additional charge was for presentations regarding changes in pension contribution allowances.

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

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

The Audit Committee's approval was sought for the Authority's Statement of Accounts for the financial year ended 31 March 2016. The full Statement is attached as Appendix A to the report and can be viewed at [www.wmfs.net](http://www.wmfs.net).

A summary of the statement outlined the main issues is 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 6 June 2016.

The Treasurer highlighted the overall revenue budget and that the actual level of general balances had shown a slight increase of £0.002m resulting in £9.233m general balances at the end of the financial year.

The level of earmarked reserves increased by £3.899m, bringing the total earmarked reserves to £40.165m at the end of the financial year.

The Treasurer summarised the earmarked reserves and anticipated spend. Approximately half of the total amount relates to capital projects. No direct government grant funding had been received for 2015/16 and a specific programme of work related to Aston and Coventry Fire Stations.

The other main earmarked reserves related to the Authority's Insurance arrangements, Project/Management Support, and systems enhancements/upgrades.

The balance of the £40.165m was set aside for specific items and Members of the Audit Committee had been provided with the details at their meeting on 6 June 2016.

The balance sheet showed the value of the Authority's long term assets, land and buildings as £154m. The balance sheet is a snapshot of the financial position at a point in time. Member's attention was brought to long term borrowing of £38.627m and short term borrowing of £1.073m as at 31/3/16. This is the total amount outstanding and this affects our interest payments.

A summary of the accounts was provided as Appendix B to the report.

In response to a Member's question regarding insurance, it was confirmed that the £100,000 excess was based on historic records and past claims. It was confirmed that buildings are fully insured separately.

In response to another Member's enquiry, the Treasurer confirmed that he felt that the Authority's level of reserves are appropriate and compared well to other Metropolitan Fire Authorities.

The Auditor felt that the Authority were in a healthy position in respect of its reserves and this enabled the work to be undertaken at Aston and Coventry Fire Station but also stated that reserves can only be spent once.

The Deputy Chief Fire Officer reiterated that the Authority were making an investment in the Estate ensuring that the Authority were able to support the Service Delivery Model which is based on the 38 fire stations and how the Service manages risk. It also provides investment for the future and continually ensures the assets are fit for purpose.

It was noted by a Member that the Fire Service were the only emergency service investing in its estate. It was also noted that the Police and Ambulance Services were collaborating and sharing facilities on fire stations.

**Resolved:**

1. that the Statement of Accounts for 2015/16 as set out in Appendix A be approved.
2. that the Statement of Accounts summary for 2015/16 set out in Appendix B be noted.

**33/16 Treasury Management Annual Report 2015/16**

The Committee received the Treasury Management Annual Report 2015/16, which covered the Treasury Activity during 2015/16 and the actual Prudential Indicators for 2015/16.

The Authority approved its Treasury Management strategy as part of the Budget Setting process in February and the Audit Committee received a mid-year Treasury Management update in November 2015.

The key Treasury Management activities were:

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

In answer to a Member's question, relating to the ex-West Midland County Council's debt, it was unclear at this stage if the West Midlands Combined Authority would take on any of the outstanding debt.

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

#### 34/16 **Corporate Risk Update**

Further to minute number 25/16, the Committee received a Corporate Risk Update and considered the current and new themed Corporate Risks attached as Appendices to the report. The risks had been revised to include existing and emerging influences that have the potential to impact on the Authority's ability to delivery against the priorities set out in The Plan. These were considered to be the changing governance arrangements, the Police and Crime Bill, and the funding opportunity through business development.

The outcomes of the review have sought to simplify the approach to identify corporate risks, to better explain what the risk is and also theming each risk into one of the following themes:

- External (Political and legislative) environment
- People
- Delivery of Services – Prevention
- Delivery of Services – Protection
- Delivery of Services – Response
- Business continuity and Preparedness
- Information, Community and Technology
- Finance and Assets
- Business Development

Two additional risks were identified as:

- External (Political and Legislative) Environment
- Business Development

At future Audit Committees, interim briefings will be provided on specific risks and any changes to risk will be brought to the Audit Committee between the six monthly Corporate Risk Updates.

In answer to a Member's question, the Deputy Chief Fire Officer confirmed that the Risk Assurance map provided more detail on how the risk is being reviewed, managed and controlled below Audit Committee.

The DCFO stated that if Members wanted to see the Risk Assurance Map this could be arranged, however due to the amount of detail it was not thought suitable to go through at an Audit Committee meeting.

**Resolved** that the changes to the Corporate Risks be approved.

35/16 **CIPFA Audit Committee Update 19**

The Committee noted the CIPFA Audit Committee Update No. 19, this edition focused on the new framework for Good Governance in Local Government and the process for appointing local auditors. The update also provided a list of workshops and training events for Audit Committee Members.

36/16 **Self-assessment of good practice and effectiveness**

The Committee received a report requesting that Members of the Audit Committee complete and return the knowledge and skills framework in advance of the next Audit Committee on 5 September 2016.

It was explained that the self-assessment forms part of an overall review of the Audit Committee based around the CIPFA guidance and includes three separate activities:

Self-assessment exercise;  
Members knowledge and skills framework;  
Evaluation.

Members agreed to complete the framework, either electronically or manually and were provided with a short checklist at the end of the meeting to assist with the completion of the form.

The Internal Auditor requested that all forms to be returned to him before 15 August 2016.

**Resolved** that all members of the Audit Committee complete stage two of their self-assessment of good practice and effectiveness exercise and return the forms to the Internal Auditor by the 15 August 2016.

37/16 **Audit Committee Work Programme 2016/17**

The Committee noted its Work Programme for 2016/17 and that the next meeting of the Audit Committee would be on 5 September 2016. It was also noted that the meeting scheduled for 10 October 2016 would now be held on 14 November 2016 at 1030 hours.

38/16 **Update on Topical, Legal and Regulatory Issues**

There was no new information to be presented

(The meeting ended at 11.15 am)

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**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**5 SEPTEMBER 2016**

1. **CORPORATE RISK UPDATE**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Audit Committee approve the Corporate Risk Assurance Map Summary (Appendix 1 and 2) and notes the Position Statement (Appendix 3 and 4) for each risk. This covers Quarter 4 (2015/16) and Quarter 1 (2016/17).

2. **PURPOSE OF REPORT**

This quarterly 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 and is the first of the reports now presented on a six monthly basis.
- 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.
- 3.3 Corporate risks are those risks which if they occurred would seriously affect the Authority's ability to carry out its core functions or deliver its strategic objectives as set out in The Plan. Currently, the Service maintains 11 corporate risks.

- 3.4 Each corporate risk has assigned to it 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.
- 3.5 To enable for 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 on the basis of 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 2015/16 (Appendix 1), Corporate Risk Assurance Map Summary for Quarter 1 2016/17 (Appendix 2), Position Statement Quarter 4 2015/16 (Appendix 3) and Position Statement Quarter 1 2016/17 (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:-
- The strategic objectives and performance indicators relevant to the risk.
  - 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 being 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 in Overall Corporate Risk Score**

3.10 In quarter 4 2015/16, the risk score for Corporate Risk 11, *'The Fire Authority would be unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively'*, has increased from 8 to 12 on the previous quarter.

This decision was made due to trade dispute registered by the Fire Brigades Union involving Fire Control staff. However, in quarter 1 2016/17 this risk decreased from 12 to 9, this was due to a local collective agreement on the staffing and supervision arrangements for the shared Fire Control.

The increase followed by the decrease is shown on the Corporate Risk Assurance Map Summaries. (Appendix 1 & 2).

### **Decrease in Overall Corporate Risk Score**

- 3.11 In quarter 4 2015/16, the risk score for Corporate Risk 5, *'The Fire Authority would be unable to deliver the core objectives or preventing, protecting and responding effectively as a result of extensive disruption to normal working methods'*, decreased from 12 to 9.

This decision was made due to positive engagement and negotiations between senior management and the Representative Bodies regarding the staffing trials.

- 3.12 In quarter 1 2016/17, the risk score for Corporate Risk 1, *'The Fire Authority would be unable to maintain the positive engagement of its employees, resulting in an inability to deliver its key priorities and objectives'* decreased from 12 to 9.

This decision was made due to certain aspects of the Shared Fire Control review still being ongoing, there is a collective agreement for staffing and supervision arrangements

- 3.13 In quarter 1 2016/17, the risk score for Corporate Risk 6, *'The Fire Authority would be unable to ensure that operational incidents are dealt with safely and effectively using appropriate levels of resources and personnel'* decreased from 8 to 5.

This decision was made due to the trade dispute being lifted and the negotiated position in relation to staffing having been agreed.

- 3.14 The Position Statements attached as Appendices 3 and 4 provides the detail of the risk management activity undertaken or ongoing in respect of the Authority's eleven Corporate Risks for quarter 4 of 2015/16 and quarter 1 of 2016/17. The Level of Risk Owner confidence in the effectiveness of the Service's risk management and control environment remains high with the following confidence opinions being awarded for both quarters:-

- Corporate Risks 1, 7, 8, 9, 10, 11 and 13 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.

- Corporate Risks 2, 4, 5, 6 and 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.

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 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**

None

**BACKGROUND PAPERS**

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

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

PHIL LOACH  
CHIEF FIRE OFFICER














## Corporate Risk Assurance Map - Summary - May 2016 (Qtr 4 2015/16)

| Outcome of risk realisation |  | Owner                  | Direction of travel | Overall confidence | Likelihood | Impact | Risk Score |
|-----------------------------|--|------------------------|---------------------|--------------------|------------|--------|------------|
| 1                           | The Fire Authority would be unable to maintain the positive engagement of its employees, resulting in an inability to deliver its key priorities and objectives.   | SE People              | ↔                   |                    | 4          | 3      | 12         |
| 2                           | The Fire Authority would be unable to maintain an effective ICT provision (excluding mobilising and communications), resulting in significant disruption to the organisation's ICT functionality.  | SE ICT                 | ↔                   |                    | 2          | 4      | 8          |
| 4                           | The Fire Authority would be unable to ensure that proper controls are established whilst working in partnership with other agencies/groups, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives | SE Prevention          | ↔                   |                    | 3          | 2      | 6          |
| 5                           | The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of extensive disruption to normal working methods.  | SE Ops Preparedness    | ↓                   |                    | 3          | 3      | 9          |
| 6                           | The Fire Authority would be unable to ensure that operational incidents are dealt with safely and effectively using appropriate levels of resources and personnel.   | SE Response            | ↔                   |                    | 2          | 4      | 8          |
| 7                           | The Fire Authority would be unable to deliver the core responsibilities of preventing, protecting and responding effectively as a result of insufficient key assets such as buildings and vehicles.  | SE Finance & Resources | ↔                   |                    | 2          | 3      | 6          |
| 8                           | The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively due to a lack of funding or the misuse of funds, e.g. fraudulent activity.  | SE Finance & Resources | ↔                   |                    | 3          | 3      | 9          |
| 9                           | The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective employees.   | SE People              | ↔                   |                    | 2          | 3      | 6          |
| 10                          | The Fire Authority would be unable to manage its responsibilities under the Regulatory Reform (Fire Safety) Order and associated legislation resulting in a decline in non-domestic fire safety standards or legal action being taken against the Authority.               | SE Protection          | ↔                   |                    | 2          | 2      | 4          |
| 11                          | The Fire Authority would be unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively.   | SE Protection          | ↑                   |                    | 3          | 4      | 12         |
| 13                          | The Fire Authority suffers a significant health, safety or environmental failure, resulting in legal challenge and/or litigation.  | SE People              | ↔                   |                    | 2          | 3      | 6          |



## Corporate Risk Assurance Map - Summary - July 2016 (Qtr 1 2016/17)

| Outcome of risk realisation |  | Owner                  | Direction of travel   | Overall confidence | Likelihood | Impact | Risk Score |
|-----------------------------|--|------------------------|---|--------------------|------------|--------|------------|
| 1                           | The Fire Authority would be unable to maintain the positive engagement of its employees, resulting in an inability to deliver its key priorities and objectives.   | SE People              |    |                    | 3          | 3      | 9          |
| 2                           | The Fire Authority would be unable to maintain an effective ICT provision (excluding mobilising and communications), resulting in significant disruption to the organisation's ICT functionality.  | SE ICT                 |    |                    | 2          | 4      | 8          |
| 4                           | The Fire Authority would be unable to ensure that proper controls are established whilst working in partnership with other agencies/groups, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives | SE Prevention          |    |                    | 3          | 2      | 6          |
| 5                           | The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of extensive disruption to normal working methods.  | SE Ops Preparedness    |    |                    | 3          | 3      | 9          |
| 6                           | The Fire Authority would be unable to ensure that operational incidents are dealt with safely and effectively using appropriate levels of resources and personnel.   | SE Response            |    |                    | 1          | 4      | 5          |
| 7                           | The Fire Authority would be unable to deliver the core responsibilities of preventing, protecting and responding effectively as a result of insufficient key assets such as buildings and vehicles.  | SE Finance & Resources |    |                    | 2          | 3      | 6          |
| 8                           | The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively due to a lack of funding or the misuse of funds, e.g. fraudulent activity.  | SE Finance & Resources |    |                    | 3          | 3      | 9          |
| 9                           | The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective employees.   | SE People              |  |                    | 2          | 3      | 6          |
| 10                          | The Fire Authority would be unable to manage its responsibilities under the Regulatory Reform (Fire Safety) Order and associated legislation resulting in a decline in non-domestic fire safety standards or legal action being taken against the Authority.               | SE Protection          |  |                    | 2          | 2      | 4          |
| 11                          | The Fire Authority would be unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively.   | SE Protection          |  |                    | 3          | 3      | 9          |
| 13                          | The Fire Authority suffers a significant health, safety or environmental failure, resulting in legal challenge and/or litigation.  | SE People              |  |                    | 2          | 3      | 6          |



**Corporate Risk Quarter 4 Position Statement May 2016**

**Individual Risk Position Statement**

**Corporate Risk 1:**

**The Fire Authority would be unable to maintain the positive engagement of its employees, resulting in an inability to deliver its key priorities and objectives.**

|                             |   |
|-----------------------------|---|
| Emerging Issues             | <p>The risk score of 12 (likelihood 4 x Impact 3) remains. The likelihood of industrial action associated with the 'Pensions' trade dispute with the Government has reduced.</p> <p>The Fire Brigades' Union has lodged a trade dispute with the Service following the introduction of voluntary shifts and the development of proposals for change within Fire Control.</p>  |
| Changes to control measures | <p><b>Consultation</b><br/>Ongoing discussions/consultation with the FBU have proven to be positive with a reviewed offer now being considered. Closing date for the response is 16<sup>th</sup> May. The Trade dispute is still ongoing with fire control.</p> <p><b>Communication</b><br/>Engagement with staff continues through the communication strategy and what's happening visits and middle manager webinars. The CFO is starting a new set of communication visits that provides teams with the opportunity to show how they are thinking critically and evaluating how they are delivering the key priorities and objectives.</p> <p>There has been early engagement with the Fire Authority.</p> <p>Shared communication with the CFO, representative bodies and the Chair regarding the possible impacts of the Police Crime Commissioner and the Combined Authority.</p> |
| Assurance updates           | <p>In spite of emerging issues, the Risk Owner is confident that the frameworks and procedures are in place to enable for the continued positive engagement of employees are sufficient. Therefore overall confidence as to the strength of the control environment remains substantial.</p>  |

**Corporate Risk 2:**

**The Fire Authority would be unable to maintain and effective ICT provision (excluding mobilising and communications) resulting in significant disruption to the organisations ICT functionality.**

|                             |   |
|-----------------------------|---|
| 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 as the Fire Authority has approved the purchase licences for Office 365. 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. This project is in its design stage and will not impact the risk level until some of the outcomes are delivered.</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 as yet unconfirmed.</p> |
| Changes to control measures | <p>The planned 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>Consultation is currently underway to create appropriate accreditation processes for in-house developed systems such as the Incident Recording System.</p>  |
| Assurance updates           | <p>The overall risk confidence opinion is amber.</p>  |

**Corporate Risk 4:**

**The Fire Authority would be unable to ensure that proper controls are established whilst working in partnership with other agencies/groups, 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 remains unchanged at 6.</p> <p>The Fire Authority approved the implementation plan for Community Safety which was referenced in the recommendations of the Partnership Scrutiny Report in January 2016. A period of staff engagement and representative body consultation is currently taking place and this has enabled a new structure to be developed.</p> |
|-----------------|---|

|                             |  |
|-----------------------------|--|
|                             | Implementation of the new Community Safety team will be in place from June 2016 onwards.   |
| Changes to control measures | <p>The Action Plan for Prevention was developed and implemented from the 1<sup>st</sup> April 2016.</p> <p>Staff are being supported through development and one to one discussions with managers to enable them to be recruited into the new roles within the revised restructure.</p> <p>Business Development has aligned its recruitment strategy for opportunities to those staff members who are at risk of redundancy.</p> |
| 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 5:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of extensive disruption to normal working methods.**

|                 |  |
|-----------------|--|
| Emerging Issues | <p>The risk score of 12 (likelihood 4 x Impact 3) has been changed in this quarter and is interdependent with the increase in the risk score for Corporate Risk 11 associated with being unable to maintain a command and control function, resulting in an inability to receive, process and respond to emergency calls effectively. The overall risk score for corporate risk 11 has increased from 8 to 12 as a consequence of the likelihood score being increased from 2 to 3.</p> <p>The likelihood associated with risk occurrence has been reduced from 4 to 3. The reasons for this are detailed below.</p> <p>The overall risk score is 9 (likelihood 3x Impact 3). This has reduced the risk rating to 'medium'.</p> <p>In respect of staffing trials, positive engagement and negotiations between senior management and the Representative Bodies have continued. As a consequence of this a revised offer has been presented to the Representative Bodies with a view to enabling the brigade wide proposed Staffing Trials to continue in order to support our Service Delivery Model. The proposal has been considered at the Fire Brigades Union (FBU) Brigade Committee Meeting and a ballot issued which concluded a 76% yes return vote.</p> |
|-----------------|--|

|                             |   |
|-----------------------------|---|
|                             | <p>This means we are waiting for the Action Short of Strike to be lifted which can only be done nationally, but we anticipate this will be in June 2016. We will now be working closely with the representative bodies to plan the implementation of the additional shift trials.</p> <p>Also, the current trades' dispute with the FBU concerning proposals for change within Fire Control is still in place. However, a large amount of risk posed by the potential for Industrial Action has now been removed through recent agreement with Representative Bodies to use additional shifts to cover staffing shortfalls so this risk score can be downgraded to 3.</p> <p>In the unlikely event of Action Short of Strike by Fire Control, we are confident in the range of mitigating risk controls that have been put in place to reduce the impact of risk realisation.</p> |
| Changes to control measures | <p>There has been no significant amendment to control measures in this quarter regarding Service Delivery staffing as these controls are well established and have been tested.</p> <p>A series on new controls have been added to strengthen the risk mitigation environment around Fire Control industrial action. Specifically these are:</p> <ul style="list-style-type: none"> <li>• Rebalancing of Fire Control</li> <li>• Resilience via the Fire Control Day Team</li> <li>• Resilience via the Fire Control Command Team</li> <li>• A cohort of ex Fire Control staff working within the Service have been re-trained to support when required.</li> <li>• Incident Room Managers have received training to support when required</li> <li>• A Fire Control degradation plan is in place.</li> </ul>   |
| Assurance updates           | <p>The overall confidence opinion associated with this risk is amber on the basis of whilst the outcome of the ballot is positive, there is still likely to be a short term impact to the delivery of strategic priorities should industrial action through Fire Control (particularly Action Short of Strike) occur. In the event of industrial action being realised contingency arrangements in training additional personnel in use of the Command and Control systems has been completed.</p>  |

**Corporate Risk 6:**

**The Fire Authority would be unable to ensure that operational incidents are dealt with safely and effectively, using appropriate levels of resource and personnel.**

|                             |  |
|-----------------------------|--|
| Emerging Issues             | The overall risk Score remains at 2 (likelihood) x 4 (impact) = 8 and the risk remains at Medium.  |
| Changes to control measures | <p>In meeting the current funding challenge the Service has implemented three contributing mechanisms to sustain the Service's Delivery Model against a reducing establishment. These are</p> <ul style="list-style-type: none"><li>• Voluntary Bank Shifts</li><li>• Integrated Resilience</li><li>• Voluntary Additional Shifts.</li></ul> <p>These are reflected as controls on the assurance map.</p> <p>In order to enable for a consistent and appropriate approach to the management of risk appertaining to the implementation of the requirements of Emergency Services Mobile Communications Programme (ESMCP), a single nationally agreed approach to the management of risk has been agreed and a single risk register has been developed. This approach will enable Fire and Rescue Services (FRS) to locally identify, manage and monitor risks associated with the implementation of ESMCP upon their own FRS whilst also providing a framework to identify, communicate and develop national good practice for managing the shared risks associated with this programme. This approach provides assurance to SET, Members, Stakeholders and DCLG alike that the FRS has in place the appropriate infrastructures, frameworks, networks and processes for the timely and risk managed delivery of this programme.</p> |
| Assurance updates           | <p>Level 1 assurance has been provided across the risk environment. However, the Risk Owner has awarded an overall Satisfactory (amber) confidence opinion as to the collective strength of the controls in preventing or reducing risk realisation. This judgement has been informed by the independent limited (red) assurance awarded in respect of SRS. A project to improve SRS (SSRI) arrangements is outstanding. Subject to the new arrangements becoming embedded and the Risk Owner being assured as to their effectiveness, the Risk Owner will consider the effectiveness opinion of SRS as a preventative control measure. This will provide the opportunity for the Risk Owner to reconsider his confidence opinion of the overall control environment.</p>  |

**Corporate Risk 7:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective key assets, such as buildings and vehicles.**

|                             |  |
|-----------------------------|--|
| Emerging Issues             | The risk score of 2 (likelihood) x 3 (impact) remains at 6 (medium).   |
| Changes to control measures | <p>In maintaining and seeking to improve the security of Authority building stock, representatives from Facilities Management are currently researching technology to extend our use of 'card reader' access schemes. Currently, access to the majority of fire stations is through a traditional key system, with the same key giving access to the vast majority of fire stations. Whilst controls are in place to manage who has keys, a technological solution will significantly enhance the Service's ability to manage and control access to fire stations.</p> <p>As part of the Service's commitment to ensuring the continued efficiency and effectiveness of its service delivery model, a project to look at future optimum fleet solutions is being undertaken.</p> |
| Assurance updates           | Level 1 assurance has been provided across the range of control measures. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required. This has enabled for the Risk Owner to provide a Substantial (green) confidence opinion and this is reflected on the Corporate Risk Assurance Map summary.  |

**Corporate Risk 8:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively due to a lack of funding or the misuse of funds e.g. fraudulent activity.**

|                 |  |
|-----------------|--|
| 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. Years two to four of the settlement period are subject to the submission</p> |
|-----------------|--|

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|                             | and approval of an efficiency plan. Details of what is required by the Authority have not yet been received. Given the potential certainty provided by a four year settlement and the planned approaches to meeting the funding gap the Risk Owner will consider the reduction of the likelihood score from 3 to 2 during the next quarterly review.   |
| 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> <p>Following a review of the Strategic Enabling Team (SET) a post of Strategic Enabler Business Development was established. This post will support the Service in meeting its flexible funding ambition of circa £2M in 3 years.</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. 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:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective employees.**

|                             |  |
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| Emerging Issues             | The overall risk score is 2 (likelihood) x 3 (impact) = 6 although the risk level remains at Medium. This means that it is likely to occur within a period of 2-5 years (10-24% chance). |
| 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 has been provided.</p>       |

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|                   | <p>The three year staffing strategy continues to provide a strong level of forecasting for the organisation.</p> <p>The organisation is providing a recruitment strategy for April 2017 that will provide the potential for a blended approach to recruitment that will provide flexibility in supporting the staffing model.</p> <p>The competency risk assessment has been reviewed to provide the frequency for core Firefighter activities for 2016/17.</p> <p>Reviewing our approach to providing a learning and development framework and recruitment and selection framework. 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>Task and finish group regarding attendance management.</p> <p>Following the PSS restructure a review will be undertaken to ensure the provision of occupational health requirements are being delivered, specifically:</p> <p>3 year health screening<br/>2 year asbestos screening<br/>Introduction of the Fitness policy</p> |
| Assurance updates | <p>The level of control provided by the Service's Health and Fitness Standing Order is still at amber as the Service is currently moving towards the Sector recognised CFOA health standard and in implementing this approach will need to ensure the appropriate framework is in place to achieve the performance requirements set out in the CFOA guidance.</p> <p>The Risk Owner has ensured that control owners have provided assurance for the controls for this particular risk. This proactive approach has strengthened the control. No limited assurances have been identified and as such no immediate interventions are required.</p> <p>The Risk Owner has provided a high (green) confidence opinion as to the effectiveness of the control environment in managing this risk.</p>  |

**Risk 10-**

**The Fire Authority would be unable to manage its responsibilities under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non domestic fire safety standards or legal action being taken against the Authority.**

|                             |  |
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| Emerging Issues             | <p>The risk score using the likelihood x impact matrix is 2 (likelihood) x 2 (Impact) generating an overall risk score of 4 which is unchanged from the previous quarter.</p> <p>The Level 2 plan for Protection has been refreshed and signed off for 2016/17.</p> <p>A plan has been put in place to upskill Firefighters to carry out low complexity Fire Safety work. This will build knowledge and increase capacity in Fire Safety and the number of businesses Fire Safety are able to support and will be supported through experienced Fire Safety Officers based on stations.</p> <p>The external Fire Safety Policy documents have been updated and have been placed on the Internet as this is an expectation for regulators.</p> <p>Continued progress continues to be made to ensure all Fire Safety Inspecting Officers are qualified in accordance with the CFOA qualifications framework.</p> |
| Changes to control measures | <p>There is no change to the control measures associated with the effective management of this risk.</p>   |
| Assurance updates           | <p>Level 1 assurance has been updated and provided across the range of control measures. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required. This has enabled for the Risk Owner to provide a Substantial (green) confidence opinion and this is reflected on the Corporate Risk Assurance Map summary</p>  |

**Risk 11 –**

**The Fire Authority would be unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively.**

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| Emerging Issues | <p>The overall risk score has increased, the likelihood is 3 x Impact of 4 = 12.</p> |
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|                             | <p>A review of Fire Control is ongoing and currently there is an outstanding trade dispute registered by the FBU involving Fire Control staff. Action short of a strike has taken place on one occasion with no impact on our ability to provide the Command and Control function as the action took place at a time when staffing levels were high.</p> <p>Ongoing positive consultation is taking place between all parties and a revised offer has been presented to the Representative Bodies who will be recommending the proposal to their members.</p> <p>Fire Control and management remain in a period of active consultation and are optimistic of the revised proposal being accepted enabling the trade dispute to be lifted.</p> <p>Appropriate business continuity arrangements have been maintained and improved as referred to in corporate risk 5 above.</p> |
| Changes to control measures | There is no change to the control measures associated with the effective management of this risk  |
| Assurance updates           | <p>A number of the dates of the assurance controls require refreshing as some controls have not been updated for over two years. This will be done as part of the ongoing review to Corporate Risk; with some rationalisation of the triggers.</p> <p>To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required. Therefore, the Risk Owner has provided a Substantial (green) confidence opinion as to the overall collective strength of the control environment and this is reflected on the Corporate Risk Assurance Map summary.</p>   |

### **Risk 13 –**

**The Fire Authority suffered a significant health, safety or environmental failure, resulting in a legal challenge and/or litigation**

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| Emerging Issues             | <p>The risk score of 6 remains unchanged.</p> <p>Although the Safety, Health and Environment team (SHE) is performing well a focus will be placed on the top two type of injuries – slips, trips and falls and manual handling.</p> |
| Changes to control measures | SHE team to provide a collaborative and co-ordinated approach to delivering health and safety messages across PSS team.   |

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|                   | Distributed Training Model (DTM) trainers are now providing manual handling assessing to teams on stations.   |
| Assurance updates | <p>There continues to be good performance around key health, safety and environment performance indicators, there is nothing to suggest that the control level is anything other than substantial.</p> <p>Review of SHE performance across command areas remains positive and continues to be a focus.</p> <p>This has enables the organisation to provide a Substantial (green) confidence opinion as to the overall collective strength of the control environment and this is reflected on the Corporate Risk Assurance Map summary.</p> |



**Corporate Risk Quarter 1 Position Statement July 2016**

**Individual Risk Position Statement**

**Corporate Risk 1:**

**The Fire Authority would be unable to maintain the positive engagement of its employees, resulting in an inability to deliver its key priorities and objectives.**

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| Emerging Issues             | The overall risk score of 9 (likelihood 3 x Impact 3) and risk rating of 'medium' remains as a result of reduced risk score associated with Corporate Risk 11, maintaining a command and control function, resulting in an inability to receive, process and respond to emergency calls effectively. Whilst certain aspects of the Shared Fire Control review are ongoing, there is a local collective agreement for staffing and supervision arrangements for the shared control function.  |
| Changes to control measures | <p><b>Consultation</b><br/>Ongoing discussions/consultation with the FBU have proven to be positive with a reviewed offer now agreed and in place for the trial period until 30th April 2017. A close working relationship has been continued with ongoing discussions taking place on a regular basis.</p> <p>The local trade dispute has been removed and the FBU are assisting in supporting the trial for VAS. Ongoing discussions and dialogue continue with the FBU regarding the Fire Control review.</p> <p><b>Communication</b><br/>Engagement with staff continues through the communication strategy and what's happening visits and middle manager webinars. The CFO has started a new set of communication visits that provides teams with the opportunity to show how they are thinking critically and evaluating how they are delivering the key priorities and objectives.</p> <p>We have had early engagement with the Fire Authority through Policy Planning Forum.</p> <p>The trade unions now attend strategic enabling team meetings – this enables the strategic team and trade unions to have early discussions relating to future planning and emerging change programmes within the organisation.</p> |

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| Assurance updates | The Risk Owner is confident that the frameworks and procedures are in place to enable for the continued positive engagement of employees are sufficient. Therefore overall confidence as to the strength of the control environment remains substantial. It is anticipated that this risk score will remain at 9 for the next quarter |
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#### **Corporate Risk 2:**

**The Fire Authority would be unable to maintain and effective ICT provision (excluding mobilising and communications) resulting in significant disruption to the organisations ICT functionality.**

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| 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 as the implementation of Office 365 commences. Approval has been given to appoint a project manager and third party 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. This project is in its design stage and will not impact the risk level until some of the outcomes are delivered.</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 as yet unconfirmed.</p> |
| Changes to control measures | <p>The planned 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>Consultation is currently underway to create appropriate accreditation processes for in-house developed systems such as the Incident Recording System.</p>  |
| Assurance updates           | The overall risk confidence opinion is amber.   |

**Corporate Risk 4:**

**The Fire Authority would be unable to ensure that proper controls are established whilst working in partnership with other agencies/groups, 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>The Fire Authority approved the implementation plan for Community Safety which was referenced in the recommendations of the Partnership Scrutiny Report in January 2016. A period of staff engagement and representative body consultation has taken place enabling a new structure to be developed. Implementation of the new Community Safety team will be in place from June 2016 onwards.</p> <p>Arson is an issue across the organisation with 3 of the 4 PI's above the upper tolerance limits.</p> <p>The Action Plan for Prevention was developed and implemented from the 1<sup>st</sup> April 2016.</p> <p>Staff are being supported through development and one to one discussions with managers to enable them to be recruited into the new roles within the revised restructure.</p> |
| Changes to control measures | <p>Arson action plan calls for more partnership work at a Local Authority level to look at enforcing legislation around void buildings and abandoned vehicle removal schemes.</p> <p>In relation to the Arson indicators, an increase in partnership work with local authorities and police will continue to be the focus of the next quarter to try and obtain any links between arson vehicles/arson derelict and crime hot spots, as well as any underlying local authority ward issues.</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 5:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of extensive disruption to normal working methods.**

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| Emerging Issues | <p>The overall risk score for Quarter 1 remains unchanged at 9.</p> <p>This has reduced the risk rating to 'medium' as a result of reduced risk score associated with Corporate Risk 11,</p> |
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|                             | <p>maintaining a command and control function, resulting in an inability to receive, process and respond to emergency calls effectively. Whilst certain aspects of the Shared Fire Control review are ongoing, there is a local collective agreement for staffing and supervision arrangements for the shared control function.</p> <p>In the unlikely event of Action Short of Strike by Fire Control, WMFS are confident in the range of mitigating risk controls that have been put in place to reduce the impact of risk realisation. The current trade dispute with the Fire Brigades Union in respect of the continued staffing trials and use of additional voluntary shifts to support the Service Delivery Model has now been satisfactorily resolved.</p> <p>As a result of the rapid pace of change and organisational restructures a number of organisational policies and procedures supporting the control of corporate risks require reviewing to reflect changes in operating practices and line manager reports.</p> <p>As part of the testing strategy for Business Continuity Planning an internal audit has been conducted and an award of 'Substantial' assurance provided which is the highest award rating. Substantial defined as a robust framework of controls which are applied continuously. Minor areas for improvement have been highlighted by internal audit and these are being addressed.</p> <p>Introduction of flexible funding strategy to meet government funding reductions and support the maintenance of the Service Delivery Model, staff from Business Development are liaise with Emergency Response Planning to develop and implement suitable BCP arrangements around commissioned services to ensure that in the event of a disruption to normal working, contractual obligations can continue to be met.'</p> |
| Changes to control measures | <p>There has been no significant amendment to control measures in this quarter regarding Service Delivery staffing trials as these controls are well established and have been tested.</p> <p>There has been no significant amendments to the additional control measures instigated and reported on in Quarter 4 2015/16 due to the positive progress made with the local collective agreement with representative bodies for staffing and supervision arrangements within the shared fire control. Organisational policies and procedures supporting the control of corporate risk are currently being reviewed through a structured</p>  |

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|                   | programme to further strengthen the control environment.  |
| Assurance updates | Overall the risk score was reduced in Quarter 4 2015/16 and this score remains appropriate pending the conclusion of the shared Fire Control Review. The overall confidence opinion associated with this risk is amber and the service remains confident in the quality of the continued control measures in place to support the effective management of risk in this environment. |

#### **Corporate Risk 6:**

**The Fire Authority would be unable to ensure that operational incidents are dealt with safely and effectively, using appropriate levels of resource and personnel.**

|                             |   |
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| Emerging Issues             | The likelihood score has reduced from 2 to 1. This is due to the trade dispute being lifted and the negotiated position in relation to staffing having been agreed. 1 (likelihood) x 4 (impact) = 5   |
| Changes to control measures | <p>In meeting the current funding challenge the Service has implemented three contributing mechanisms to sustain the Service's Delivery Model against a reducing establishment. These are</p> <ul style="list-style-type: none"> <li>• Voluntary Bank Shifts</li> <li>• Integrated Resilience</li> <li>• Voluntary Additional Shifts.</li> </ul> <p>These are reflected as controls on the assurance map. It should be noted that the use of VAS is currently high and this will have an impact on our forecasted budget spend in relation to staffing.</p> <p>In order to enable a consistent and appropriate approach to the management of risk appertaining to the implementation of the requirements of Emergency Services Mobile Communications Programme (ESMCP) a single nationally agreed approach to the management of risk has been agreed and a single risk register has been developed. This approach will enable Fire and Rescue Services (FRS) to locally identify, manage and monitor risks associated with the implementation of ESMCP upon their own FRS whilst also providing a framework to identify, communicate and develop national good practice for managing the shared risks associated with this programme. This approach provides assurance to SET, Members, Stakeholders and DCLG alike that FRS has in place the appropriate infrastructures, frameworks, networks and processes for the timely and risk managed delivery of this programme.</p> |
| Assurance updates           | Level 1 assurance has been provided across the risk environment. However, the Risk Owner has awarded an overall   |

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|  | <p>Satisfactory (amber) confidence opinion as to the collective strength of the controls in preventing or reducing risk realisation. This judgement has been informed by the independent limited (red) assurance awarded in respect of SRS. A project to improve SRS (SSRI) arrangements is being put in place and SSRI audits are likely to start being undertaken in quarter 2. Subject to the new arrangements becoming embedded and the Risk Owner being assured as to their effectiveness, the Risk Owner will consider the effectiveness opinion of SRS as a preventative control measure. This will provide the opportunity for the Risk Owner to reconsider his confidence opinion of the overall control environment.</p> |
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#### **Corporate Risk 7:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective key assets, such as buildings and vehicles.**

|                             |  |
|-----------------------------|--|
| Emerging Issues             | The risk score of 2 (likelihood) x 3 (impact) remains at 6 (medium).   |
| Changes to control measures | <p>In maintaining and seeking to improve the security of Authority building stock, representatives from Facilities Management are currently seeking to extend the use of 'card reader' access schemes with a tender exercise due to take place in July 2016. Currently, access to the majority of fire stations is through a traditional key system, with the same key giving access to the vast majority of fire stations. Whilst controls are in place to manage who has keys, a technological solution will significantly enhance the Service's ability to manage and control access to fire stations.</p> <p>As part of the Service's commitment to ensuring the continued efficiency and effectiveness of its service delivery model, a project to look at future optimum fleet solutions was undertaken which confirmed the current plans for the replacement of operational vehicles to be appropriate.</p> |
| Assurance updates           | <p>Level 1 assurance has been provided across the range of control measures. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required. This has enabled the Risk Owner to provide a Substantial (green) confidence opinion and this is reflected on the Corporate Risk Assurance Map summary.</p>   |

**Corporate Risk 8:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively due to a lack of funding or the misuse of funds e.g. fraudulent activity.**

|                             |   |
|-----------------------------|---|
| 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. Years two to four of the settlement period are subject to the submission and approval of an efficiency plan. Full details of what is required by the Authority have not yet been received although a submission date of 14<sup>th</sup> October 2016 has been identified. Given the potential certainty provided by a four year settlement and the planned approaches to meeting the funding gap the Risk Owner will consider the reduction of the likelihood score from 3 to 2 during the next quarterly review.</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> <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:**

**The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective employees.**

|                             |  |
|-----------------------------|--|
| Emerging Issues             | <p>The overall risk score is 2 (likelihood) x 3 (impact) = 6 although the risk level remains at Medium. This means that it is likely to occur within a period of 2-5 years (10-24% chance).</p>  |
| 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 has been provided.</p> <p>The three year staffing strategy continues to provide a strong level of forecasting for the organisation.</p> <p>The organisation is providing a recruitment strategy for April 2017 that will provide the potential for a blended approach to recruitment that will provide flexibility in supporting the staffing model.</p> <p>The competency risk assessment has been reviewed with a number of recommendations – an implementation plan is currently being drafted which will provide a robust approach to S/O 6/3. There will also be a review of S/O 6 policies which outlines our approach to learning and development and competency framework.</p> <p>The approach to incident command has been reviewed with a number of recommendations – an implementation plan is currently being drafted.</p> <p>Reviewing 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>Task and finish group regarding attendance management has seen an improvement in attendance to include</p> <p>Fitness policy will be implemented in the next quarter which will be supported with a communication plan and ongoing support from the PSS team to assist individuals and managers.</p> <p>The ability to retain employees within specific roles and loss of skills is being constantly reviewed.</p> |

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|                   | The use of the 3R's policy and in particular transferable and voluntary redundancy is now established within the organisation.   |
| Assurance updates | <p>The level of control provided by the Service's Health and Fitness Standing Order will change next quarter to green. This approach will ensure the appropriate framework is in place to achieve the performance requirements set out in the CFOA guidance.</p> <p>The Risk Owner has ensured that control owners have provided assurance for the controls for this particular risk. This proactive approach has strengthened the control. No limited assurances have been identified and as such no immediate interventions are required.</p> <p>The Risk Owner has provided a high (green) confidence opinion as to the effectiveness of the control environment in managing this risk.</p> |

#### **Risk 10-**

**The Fire Authority would be unable to manage its responsibilities under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non domestic fire safety standards or legal action being taken against the Authority.**

|                             |  |
|-----------------------------|--|
| Emerging Issues             | <p>The risk score using the likelihood x impact matrix is 2 (likelihood) x 2 (Impact) generating an overall risk score of 4 which is unchanged from the previous quarter.</p> <p>The Level 2 plan for Protection has been refreshed and signed off for 2016/17.</p> <p>ILAP continues to be developed to support decision making and the identification of the premises where we can have most impact – this is being completed in conjunction with South Wales FRS.</p> <p>Fire safety are engaging within the three West Midlands LEPs to understand how we can work more collaboratively with other regulators and how we can minimise the impact of our regulatory activities in support of business growth.</p> |
| Changes to control measures | There is no change to the control measures associated with the effective management of this risk.  |
| Assurance updates           | Level 1 assurance has been updated and provided across the range of control measures. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate  |

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|  | interventions were identified as being required. This has enabled for the Risk Owner to provide a Substantial (green) confidence opinion and this is reflected on the Corporate Risk Assurance Map summary |
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#### **Risk 11 –**

**The Fire Authority would be unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively.**

|                             |  |
|-----------------------------|--|
| Emerging Issues             | <p>The overall risk score has decreased, the (likelihood) is 3 x (Impact) of 3 = 9.</p> <p>Whilst certain aspects of the review of Shared Fire Control are ongoing, we have reached a local collective agreement on the staffing and supervision arrangements for the shared control function. This means that the trade dispute raised earlier in the year has been resolved and implementation plans have been agreed. It is for these reasons that corporate risk has been reduced for this quarter.</p> <p>The next phase of the Shared Fire Control review will focus on the middle manager, FDS and day team elements and consultation on these areas is ongoing.</p> <p>Positive engagement between Staffs FRS and WMFS continues and will result in a shared vision document for the Shared Fire Control function being released in August setting out the future strategy for the next three years.</p> |
| Changes to control measures | There is no change to the control measures associated with the effective management of this risk   |
| Assurance updates           | <p>A number of the dates of the assurance controls require refreshing as some controls have not been updated for over two years. This will be done as part of the ongoing review to Corporate Risk; with some rationalisation of the triggers.</p> <p>To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required. Therefore, the Risk Owner has provided a Substantial (green) confidence opinion as to the overall collective strength of the control environment and this is reflected on the Corporate Risk Assurance Map summary.</p>  |

**Risk 13 –**

**The Fire Authority suffered a significant health, safety or environmental failure, resulting in a legal challenge and/or litigation**

|                             |   |
|-----------------------------|---|
| Emerging Issues             | Overall score remains likelihood 2 (likelihood) x 3 (impact) = 6 amber. Although the SHE is performing well a focus will be placed on the top two type of injuries – slips, trips and falls and manual handling.  |
| Changes to control measures | SHE team to provide a collaborative and co-ordinated approach to delivering health and safety messages across PSS team.   |
| Assurance updates           | <p>There continues to be good performance around key health, safety and environment performance indicators, there is nothing to suggest that the control level is anything other than substantial. Last year performance was high with a 22% reduction in injuries against the previous year.</p> <p>Review of SHE performance across command areas remains positive and continues to be a focus for SHE and the organisation.</p> <p>This has enabled the organisation to provide a Substantial (green) confidence opinion as to the overall collective strength of the control environment and this is reflected on the Corporate Risk Assurance Map summary.</p> |



**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**5 SEPTEMBER 2016**

1. **NOTIFICATION OF SUBMISSION OF THE ANNUAL  
SCHEME RETURN TO THE PENSION REGULATOR**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Audit Committee note that the Annual Scheme returns have been submitted to The Pension Regulator as required under the Pensions Act 2004.

2. **PURPOSE OF REPORT**

This report is submitted to advise the Audit Committee that the Annual Scheme returns have been submitted to The Pension Regulator. Copies of the following documents are attached for reference.

- West Midlands Fire Service Firefighters Pension Scheme 1992 – Scheme Return 2015 - 2016
- West Midlands Fire Service Firefighters Pension Scheme 2015 – Scheme Return 2015 - 2016

3. **BACKGROUND**

It is a legal requirement under the Pensions Act 2004 that the Manager of a Registered Pension Scheme supplies The Pension Regulator with certain information on an Annual Scheme Return. Failure to submit a return is an offence which may be punishable by a fine.

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 within this report do not relate 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 financial implications associated with the submission of the Annual Scheme Return.

**BACKGROUND PAPERS**

2004 Pensions Act

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

PHIL LOACH  
CHIEF FIRE OFFICER

Your scheme details:

**The Firemen's Pension Scheme 1992**

## 1. Introduction

The following are the details that were on the scheme return submitted on 29 July 2016 11:28 AM.

The scheme return details were confirmed by Mr Paul Gwynn.

PSR number: 10181697

**2. Scheme details (includes membership details)**

| <b>Basic details</b>         |  |
|------------------------------|--|
| Scheme name                  | The Firemen's Pension Scheme 1992  |
| PSR number                   | 10181697   |
| Scheme address               | West Midlands Fire Service<br>Headquarters<br>99 Vauxhall Road<br>BIRMINGHAM<br>B7 4HW<br>United Kingdom |
| Scheme type                  | Occupational   |
| Benefit type                 | Defined benefit  |
| Current status               | Closed to new members since 01 March 1992  |
| Scheme year-end (DD/MM)      | 31/03 since 01 March 1992  |
| HMRC reference number (PSTR) | 00330012RP   |

**Number of members as at 31 March 2015**

**The Pensions Regulator requires to know the number of members present at the scheme year-end between the dates 1 April 2014 and 31 March 2015.**

|                   |      |
|-------------------|------|
| Active members    | 1086 |
| Deferred members  | 212  |
| Pensioner members | 2423 |
| Total of members  | 3721 |

**Number of members as at 31 March 2016**

**The Pensions Regulator requires to know the number of members present at the scheme year-end between the dates 1 April 2015 and 31 March 2016.**

|                   |      |
|-------------------|------|
| Active members    | 478  |
| Deferred members  | 225  |
| Pensioner members | 2483 |
| Total of members  | 3186 |

PSR number: 10181697

### 3. Governance Details

| Manager of the scheme            |  |
|----------------------------------|--|
| Role or organisation name        | Audit Committee - West Midlands Fire and Rescue Authority  |
| Address of manager of the scheme | West Midlands Fire Service<br>Headquarters<br>99 Vauxhall Road<br>BIRMINGHAM<br>B7 4HW<br>United Kingdom |
| Telephone number                 | 0121 380 6678  |
| Email address                    | Karen.Gowreesunker@wmfs.net  |

| Pension board member            |  |
|---------------------------------|--|
| Name of pension board member    | Mr Kulvinder Shoker  |
| Pension board member type       | Employer   |
| Chair of pension board          | No   |
| Address of pension board member | 27 Swallowdale<br>Walsall Wood<br>WALSALL<br>WS9 9RE<br>United Kingdom |
| Telephone number                | 0121 380 6920  |
| Email address                   | Kal.Shoker@wmfs.net  |

| Pension board member            |   |
|---------------------------------|---|
| Name of pension board member    | Ms Wendy Browning-Sampson   |
| Pension board member type       | Employer  |
| Chair of pension board          | No  |
| Address of pension board member | 42 Fernhurst Drive<br>BRIERLEY HILL<br>West Midlands<br>DY5 4PU<br>United Kingdom |
| Telephone number                | 0121 380 6121   |
| Email address                   | Wendy.Browning-Sampson@wmfs.net   |

PSR number: 10181697

| Pension board member            |   |
|---------------------------------|---|
| Name of pension board member    | Mr Andrew Dennis  |
| Pension board member type       | Member  |
| Chair of pension board          | No  |
| Address of pension board member | 18 Knighton House<br>Limelock Court<br>STONE<br>Staffordshire<br>ST15 8GX<br>United Kingdom |
| Telephone number                | 07827 300036  |
| Email address                   | adidas5375@sky.com  |

| Pension board member            |   |
|---------------------------------|---|
| Name of pension board member    | Mr Stuart Bourne  |
| Pension board member type       | Member  |
| Chair of pension board          | No  |
| Address of pension board member | 246 West Boulevard<br>BIRMINGHAM<br>B32 2BH<br>United Kingdom |
| Telephone number                | 0121 380 6392   |
| Email address                   | Stuart.Bourne@wmfs.net  |

| Pension board member            |  |
|---------------------------------|--|
| Name of pension board member    | Mr David Wilkin  |
| Pension board member type       | Independent  |
| Chair of pension board          | Yes  |
| Address of pension board member | 19 Burrough Way<br>LUTTERWORTH<br>Leicestershire<br>LE17 4GJ<br>United Kingdom |
| Telephone number                | 0845 1135000   |
| Email address                   | d.wilkin@west-midlands.pnn.police.uk   |

PSR number: 10181697

#### 4. Employer details

| Employer               |  |
|------------------------|--|
| Employer's name        | West Midlands Fire And Civil Defence Authority   |
| Employer type          | Participating Employer   |
| Organisation type      | Government / public body   |
| Address of employer    | West Midlands Fire Service<br>Headquarters<br>99 Vauxhall Road<br>BIRMINGHAM<br>B7 4HW<br>United Kingdom |
| Employer status        | Active since 01 April 1974   |
| Employer email address | Pensions@wmfs.net  |

PSR number: 10181697

**5. Service provider details**

|  |
|--|
| <b>Insurance company</b>   |
| There is currently no insurance company listed as involved with this scheme. |

|                                   |  |
|-----------------------------------|--|
| <b>In-house administrator</b>     |  |
| Main contact title                | Mr   |
| Main contact first name(s)        | Carl   |
| Main contact surname              | Guest  |
| Address of in-house administrator | West Midlands Fire Service<br>Headquarters<br>99 Vauxhall Road<br>BIRMINGHAM<br>B7 4HW<br>United Kingdom |
| Direct telephone number           | 0121 380 6944  |
| Individual's email address        | Carl.Guest@wmfs.net  |

|  |
|--|
| <b>Third-party administrator</b>   |
| There is currently no third-party administrator listed as involved with this scheme. Details required are organisation name and address, telephone number and email address. |

|   |
|---|
| <b>Auditor</b>  |
| There is currently no auditor listed as being appointed to this scheme. Details required are organisation name and address, telephone number and, optionally, an email address. |

PSR number: 10181697

PSR number: 10181697

**6. Contact details**

| Scheme contact details |  |
|------------------------|--|
| Name of contact        | Mr Paul Gwynn  |
| Address of contact     | West Midlands Fire Service<br>Headquarters<br>99 Vauxhall Road<br>BIRMINGHAM<br>B7 4HW<br>United Kingdom |
| Telephone number       | 0121 380 6928  |
| Email address          | Paul.Gwynn@wmfs.net  |

PSR number: 10181697



Your scheme details:

**West Midlands Fire Service Firefighters Pension Scheme 2015**

## 1. Introduction

The following are the details that were on the scheme return submitted on 29 July 2016 11:47 AM.

The scheme return details were confirmed by Mr Paul Gwynn.

PSR number: 10276738

**2. Scheme details (includes membership details)**

| <b>Basic details</b>         |   |
|------------------------------|---|
| Scheme name                  | West Midlands Fire Service Firefighters Pension Scheme 2015 |
| PSR number                   | 10276738  |
| Scheme address               | 99 Vauxhall Road<br>Birmingham<br>B7 4HW<br>United Kingdom  |
| Scheme type                  | Occupational  |
| Benefit type                 | Defined benefit   |
| Current status               | Open to new members since 31 March 2015                     |
| Scheme year-end (DD/MM)      | 31/03 since 01 April 2015                                   |
| HMRC reference number (PSTR) | 00823356RE  |

| <b>Number of members as at 31 March 2015</b><br><b>The Pensions Regulator requires to know the number of members present at the scheme year-end between the dates 1 April 2014 and 31 March 2015.</b> |   |
|---|---|
| Active members  | 0 |
| Deferred members  | 0 |
| Pensioner members   | 0 |
| Total of members  | 0 |

| <b>Number of members as at 31 March 2016</b><br><b>The Pensions Regulator requires to know the number of members present at the scheme year-end between the dates 1 April 2015 and 31 March 2016.</b> |     |
|---|-----|
| Active members  | 895 |
| Deferred members  | 19  |
| Pensioner members   | 0   |
| Total of members  | 914 |

PSR number: 10276738

### 3. Governance Details

| Manager of the scheme            |  |
|----------------------------------|--|
| Role or organisation name        | West Midlands Fire and Rescue Authority - Audit Committee  |
| Address of manager of the scheme | 99 Vauxhall Road<br>Birmingham<br>B7 4HW<br>United Kingdom |
| Telephone number                 | 0121 380 6928  |
| Email address                    | Karen.Gowreesunker@wmfs.net                                |

| Pension board member            |  |
|---------------------------------|--|
| Name of pension board member    | Mr David Wilkin  |
| Pension board member type       | Independent  |
| Chair of pension board          | Yes  |
| Address of pension board member | 19 Burrough Way<br>LUTTERWORTH<br>Leicestershire<br>LE17 4GJ<br>United Kingdom |
| Telephone number                | 0845 1135000   |
| Email address                   | d.wilkin@west-midlands.pnn.police.uk   |

| Pension board member            |  |
|---------------------------------|--|
| Name of pension board member    | Mr Kulvinder Shoker  |
| Pension board member type       | Employer   |
| Chair of pension board          | No   |
| Address of pension board member | 27 Swallowdale<br>Walsall Wood<br>WALSALL<br>WS9 9RE<br>United Kingdom |
| Telephone number                | 0121 380 6920  |
| Email address                   | Kal.Shoker@wmfs.net  |

PSR number: 10276738

| Pension board member            |   |
|---------------------------------|---|
| Name of pension board member    | Ms Wendy Browning-Sampson   |
| Pension board member type       | Employer  |
| Chair of pension board          | No  |
| Address of pension board member | 42 Fernhurst Drive<br>BRIERLEY HILL<br>West Midlands<br>DY5 4PU<br>United Kingdom |
| Telephone number                | 0121 380 6121   |
| Email address                   | Wendy.Browning-Sampson@wmfs.net   |

| Pension board member            |   |
|---------------------------------|---|
| Name of pension board member    | Mr Andrew Dennis  |
| Pension board member type       | Member  |
| Chair of pension board          | No  |
| Address of pension board member | 18 Knighton House<br>Limelock Court<br>STONE<br>Staffordshire<br>ST15 8GX<br>United Kingdom |
| Telephone number                | 07827 300036  |
| Email address                   | Andrew.Dennis@wmfs.net  |

| Pension board member            |   |
|---------------------------------|---|
| Name of pension board member    | Mr Stuart Bourne  |
| Pension board member type       | Member  |
| Chair of pension board          | No  |
| Address of pension board member | 246 West Boulevard<br>BIRMINGHAM<br>B32 2BH<br>United Kingdom |
| Telephone number                | 0121 380 6392   |
| Email address                   | Stuart.Bourne@wmfs.net  |

PSR number: 10276738

#### 4. Employer details

| Employer               |  |
|------------------------|--|
| Employer's name        | West Midlands Fire Service                                 |
| Employer type          | Participating Employer                                     |
| Organisation type      | Government / public body                                   |
| Address of employer    | 99 Vauxhall Road<br>Birmingham<br>B7 4HW<br>United Kingdom |
| Employer status        | Active since 01 April 1974                                 |
| Employer email address | Pensions@wmfs.net  |

PSR number: 10276738

**5. Service provider details****Insurance company**

There is currently no insurance company listed as involved with this scheme.

**In-house administrator**

|                                   |  |
|-----------------------------------|--|
| Main contact title                | Mr   |
| Main contact first name(s)        | Carl   |
| Main contact surname              | Guest  |
| Address of in-house administrator | 99 Vauxhall Road<br>Birmingham<br>In-House<br>B7 4HW<br>United Kingdom |
| Direct telephone number           | 0121 380 6944  |
| Individual's email address        | Carl.Guest@wmfs.net  |

**Third-party administrator**

There is currently no third-party administrator listed as involved with this scheme. Details required are organisation name and address, telephone number and email address.

**Auditor**

There is currently no auditor listed as being appointed to this scheme. Details required are organisation name and address, telephone number and, optionally, an email address.

PSR number: 10276738

PSR number: 10276738

**6. Contact details**

| Scheme contact details |  |
|------------------------|--|
| Name of contact        | Mr Paul Gwynn  |
| Job title              | Payroll & Pensions Manager                                       |
| Address of contact     | 99 Vauxhall Road<br>Birmingham<br>Mr<br>B7 4HW<br>United Kingdom |
| Telephone number       | 0121 380 6928  |
| Email address          | Paul.Gwynn@wmfs.net  |

PSR number: 10276738



**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**5 SEPTEMBER 2016**

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**

The 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**

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.

**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 2016

September 2016

**James Cook**

Director

**T** 0121 232 5343

**E** james.a.cook@uk.gt.com

**Emily Mayne**

Manager

**T** 0121 232 5309

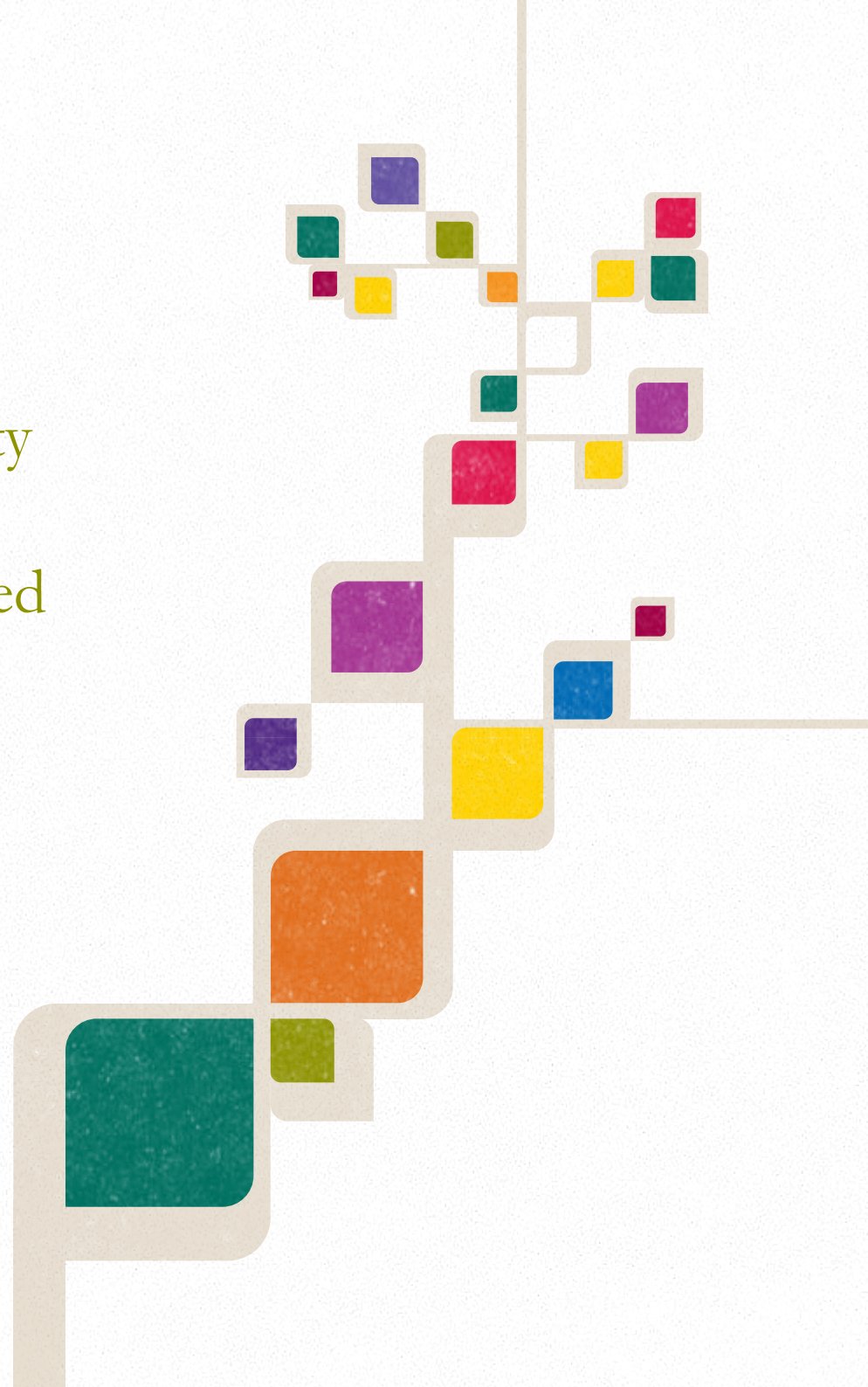
**E** emily.j.mayne@uk.gt.com

**James McLarnon**

Assistant Manager

**T** 0121 232 5219

**E** james.a.mclarnon@uk.gt.com



# 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:

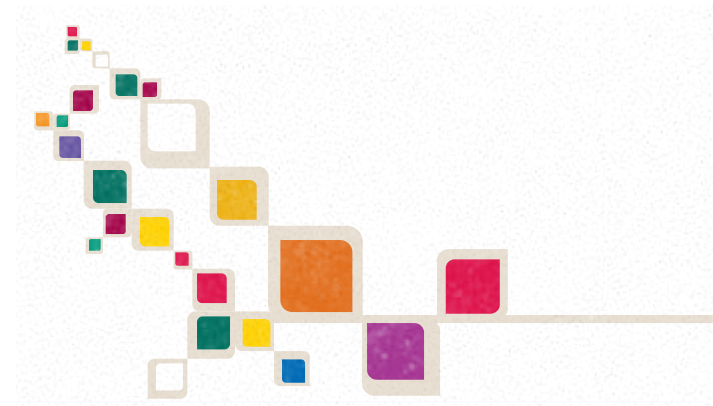
- Advancing closure – the benefits for local authorities (July 2016)  
<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>
- Brexit – a public sector perspective (July 2016)  
<http://www.grantthornton.co.uk/en/insights/brexit--a-public-sector-perspective/>

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

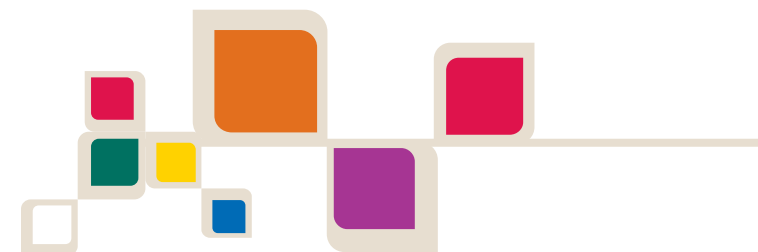
- Alternative delivery models: Interview with Helen Randall of Trowers and Hamlins, discussing LATCs and JVs in local government.  
<http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>
- Cyber security in the public sector: Our short video outlines questions for public sector organisations to ask in defending against cyber crime  
<http://www.grantthornton.co.uk/en/insights/cyber-security-in-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.

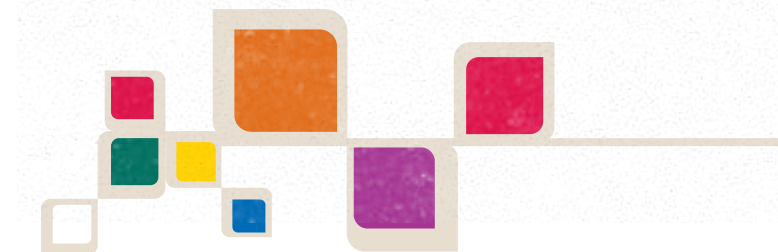


# Progress to date



| 2015/16 work   | Planned Date         | Complete? | Comments   |
|--|----------------------|-----------|--|
| <b>Fee Letter</b>  |                      |           |  |
| We are required to issue a 'Planned fee letter for 2015/16' by the end of April 2015.  | April 2015           | Yes       | The 2015/16 fee letter was issued in April 2015  |
| <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 2015/16 financial statements.  | March 2016           | 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 2016 | Yes       | <p>We engaged with the finance team to:</p> <ul style="list-style-type: none"> <li>• streamline and improve the audit approach for 2015/16 where possible</li> <li>• discuss any technical issues early, including the impact from the pension commutation guidance</li> <li>• undertook as much early testing as possible.</li> </ul> <p>We continue 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 2015/16 financial statements</li> <li>• proposed opinion on the Fire Authority's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>   | June – July 2016     | Yes       | We undertook work on your draft financial statements to provide an opinion ahead of the statutory deadline. We provided our opinion on 28 July 2016 as part of the transition to the earlier closedown and audit cycle from 2017.  |

# Progress to date



| 2015/16 work  | Planned Date      | Complete?   | Comments   |
|---|-------------------|-------------|--|
| <b>Value for Money (VfM) conclusion</b>   |                   |             |  |
| <p>The scope of our work to inform the 2015/16 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 2016 | 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>• Working with partners and other third parties</li> </ul> <p>Our work on the VfM Conclusion included meetings with key Senior Officers and key document reviews.</p> <p>We provided our value for money conclusion on 28 July 2016 ahead of the national timescales as a move towards the faster close from 2017.</p> |
| <b>Annual Audit Letter</b>  |                   |             |  |
| We will summarise all the work completed as part of our 2015/16 audit within one letter which will be issued after the opinion.   | October 2016      | In progress |  |
| <b>Engagement with the Fire Authority since the last Audit Committee meeting</b>  |                   |             |  |
|   | On-going          | On-going    | <ul style="list-style-type: none"> <li>• Meetings with key Senior Officers to discuss progress with the significant risks facing the Fire Authority and VfM Conclusion risk areas</li> <li>• Distribution of Grant Thornton publications as appropriate to the Fire Sector</li> </ul>  |

# Fire Sector Accounting and other issues



# The changing face of Corporate Reporting

We have established a global network of public sector auditors and advisors to share good practice and to provide informed solutions to the corporate reporting challenges our clients face.

We were fortunate to have the CEO of the IIRC speak at our most recent meeting. Integrated Reporting, <IR>, is a new approach to corporate reporting and it is building a world-wide following in both the public and private sectors.

In the commercial sector, <IR> has led to improvements in business decision making, the understanding of risks and opportunities as well as better collaborative thinking by boards about goals and targets..

<IR> is based on integrated thinking that results in a report by an organisation about sustainable value creation. It requires a more cohesive and efficient approach to organisational reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organisation to create value over time.

By moving the focus away from only short-term, backward looking, financial reporting, <IR> encourages organisations to report on a broader range of measures that link their strategic objectives to their performance. The result is an overview of an organisation's activities and performance in a much wider, more holistic, context.

- <IR> encourages organisations to consider whether there are any gaps in the information that is currently available to them, so that integrated thinking becomes embedded in mainstream practice.
- <IR> is underpinned by the International <IR> Framework published in December 2013. It is principles- based, allowing organisations to innovate and develop their reporting in the context of their own regulatory framework, strategy, key drivers, goals and objectives.
- <IR> is consistent with the Strategic Reports required from UK companies, the Performance Reports that government departments, agencies and NHS bodies produce and the developing Narrative Reporting in local government.

The IIRC has established a Public Sector Pioneer Network to consider why and how the public sector can adopt <IR>, with the end goal of improving transparency and building trust. There is already a core of UK organisations within this.

<Integrated Reporting>

Further information is available on the IIRC's website

# Grant Thornton Publications and events



# Website Re-launch

We have recently launched our new-look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below –  
<http://www.grantthornton.co.uk/industries/public-sector/>



# Advancing closure: the benefits to local authorities

With new regulation bringing forward the required publishing date for accounts local authorities must consider the areas needed to accelerate financial reporting.

In February 2015, regulations were laid before parliament confirming proposals to bring forward the date by which local authority accounts must be published in England. From 2017-18, authorities will need to publish their audited financial statements by 31 July, with Wales seeking to follow a similar approach over the next few years.

Many local government bodies are already experiencing the benefits of advancing their financial reporting processes and preparing their accounts early, including:

- raising the profile of the finance function within the organisation and transforming its role from a back office function to a key enabler of change and improvement across the organisation;
- high quality financial statements as a result of improved quality assurance arrangements;
- greater certainty over in-year monitoring arrangements and financial outturn position for the year, supporting members to make more informed financial decisions for the future;
- improved financial controls and accounting systems, resulting from more efficient and refined financial processes; and
- allowing finance officers more time to focus on forward looking medium term financial planning and transformational projects, to address future financial challenges.
- While there is no standard set of actions to achieve faster close there are a number of consistent key factors across the organisations successfully delivering accelerated closedown of their accounts, which our report explores in further details:
- Enabling sustainable change requires committed leadership underpinned by a culture for success
- Efficient and effective systems and processes are essential
- Auditors and other external parties need to be on board and kept informed throughout

Grant Thornton reports



<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>

# CFO Insights – driving performance improvement

CFO insights is an online analysis tool that gives those aspiring to improve the financial position of their local authority instant access to insight on the financial performance, socio- economy context and service outcomes of every council in England, Scotland and Wales.

The tool provides a three-dimensional lens through which to understand council income and spend by category, the outcomes for that spend and the socio-economic context within which a council operates. This enables comparison against others, not only nationally, but in the context of their geographical and statistical neighbours. CFO Insights is an invaluable tool providing focused insight to develop, and the evidence to support, financial decisions.



We are happy to organise a demonstration of the tool if you want to know more.

# Future events and workshops

## Joint Venture Seminar: 13 September 2016

Following publication of our 'Better Together' report and successful seminar in Birmingham earlier this month, we are running a workshop in our Leicester offices. The session will include presentations from the practitioners interviewed in preparing our report.

The event will provide an invaluable insight into setting up and running joint venture companies.

For further information or to book your place, please contact your Engagement Manager or Penny Bassnett T +44 (0)121 232 5356

[penny.l.bassnett@uk.gt.com](mailto:penny.l.bassnett@uk.gt.com)

## Income generation workshop: 28 September 2016

Details are still being finalised so please contact your Engagement Manager or Penny Bassnett to express an interest in finding out more.

T +44 (0)121 232 5356 [penny.l.bassnett@uk.gt.com](mailto:penny.l.bassnett@uk.gt.com)

## Grant Thornton events





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**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**5 SEPTEMBER 2016**

1. **CIPFA AUDIT COMMITTEE UPDATE NO. 20**

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

That the Audit Committee notes issue 20 of CIPFA's Audit Committee Update.

2. **PURPOSE OF REPORT.**

- 2.1 To ask the Committee to note the publication and contents of issue 20 of CIPFA's Audit Committee Update.

3. **BACKGROUND**

- 3.1 CIPFA continue to develop a series of briefing papers to support public sector audit committee members and to provide a practical resource for those who support Audit Committees. The update is published approximately three times a year. Each one includes a main feature, together with pointers to new developments or guidance that Audit Committee members may need to be aware of. The focus for the latest edition is on the recent CIPFA survey on Audit Committees.

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 will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The Accounts and Audit Regulations Act states that a relevant body must "maintain an adequate and effective system of internal audit of

its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

**BACKGROUND PAPERS**

CIPFA Audit Committee Update – Issue 20

Peter Farrow  
Audit Services Manager, Sandwell MBC

# WEST MIDLANDS FIRE AND RESCUE AUTHORITY

## AUDIT COMMITTEE WORK PROGRAMME 2016/17

| Date of Meeting | Item  | Responsible Officer                  | Completed |
|-----------------|---|--------------------------------------|-----------|
| <b>2016</b>     |   |                                      |           |
| 25 July         | Audit Findings 2015/16                                | Grant Thornton                       |           |
|                 | Statement of Accounts 2015/16 (Approval)              | Grant Thornton                       |           |
|                 | Treasury Management Annual Report 2015/16             | Treasurer                            |           |
|                 | Corporate Risk Update                                 | Director of Service Support          |           |
|                 | Self-Assessment<br>CIPFA Audit Committee Update       | Internal Auditor<br>Internal Auditor |           |
| 5 September     | Minutes of the Audit Committee held on 6 June 2016    | Democratic Officer                   |           |
|                 | Audit Committee Draft Work Plan 2016/17               |                                      |           |
| 5 September     | Corporate Risk Six Monthly Report                     | Director of Service Support          |           |
|                 | Annual Audit Letter 2015/16<br>Audit Committee Update | Grant Thornton<br>Grant Thornton     |           |

[ILO: UNCLASSIFIED]

|                             |   |   |  |
|-----------------------------|---|---|--|
|                             | <p>Assessment of Good Practice and Effectiveness</p> <p>Minutes of the Audit Committee held on 25 July 2016</p> <p>Work Programme 2016/17</p>   | <p>Audit Manager</p> <p>Democratic Officer</p>  |  |
| 19 September<br>[Authority] | <p>Audit Findings 2015/16</p> <p>Statement of Accounts 2015/2016 (note)</p>   | <p>Grant Thornton</p> <p>Treasurer</p>  |  |
| 14 November<br>2015         | <p>Treasury Management – Mid year review 2016/17</p> <p>Internal Audit Progress Report</p> <p>Audit Committee Update</p> <p>Minutes of the Audit Committee held on 5 September 2016</p> <p>Audit Committee Work Plan</p> <p>Pension Board Minutes</p> | <p>Treasurer</p> <p>Audit Manager</p> <p>Grant Thornton</p> <p>Democratic Officer</p> <p>Democratic Officer</p> |  |

| 2017       |  |  |  |
|------------|--|--|--|
| 16 January | <p>Internal Audit Progress Report</p> <p>Internal Audit Charter – Annual Review</p> <p>Audit Committee Update</p> <p>Minutes of the Audit Committee held on 14 November 2016</p> <p>Audit Committee Work Plan</p>  | <p>Audit Manager</p> <p>Audit Manager</p> <p>Grant Thornton</p> <p>Democratic Officer</p> <p>Democratic Officer</p>  |  |
| 27 March   | <p>Audit Committee Update</p> <p>Communication with the Audit Committee for WMFRA</p> <p>Audit Plan 2016/17</p> <p>Internal Audit Plan 2017/18</p> <p>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 2017</p> | <p>Grant Thornton</p> <p>Grant Thornton</p> <p>Grant Thornton</p> <p>Audit Manager</p> <p>Audit Manager</p> <p>Director of Service Support</p> <p>Director of Service Support</p> <p>Pensions Board Representative</p> |  |

|        |  |   |  |
|--------|--|---|--|
|        | <p>Minutes of the Audit Committee held on 16 January 2016</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i></p>   | <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Audit Manager</i></p>   |  |
| 5 June | <p>Annual Internal Audit Report 2016/17</p> <p>Governance Statement 2016/17</p> <p>Monitoring Policies and RIPA<br/>(Annual Whistleblowing Report)</p> <p>Annual Report of the Audit Committee for approval</p> <p>Audit Committee Update</p> <p>Minutes of the Audit Committee held on 27 March 2016</p> <p>Audit Committee Work Plan</p> <p><i>Committee Members' Private meeting with External Auditors</i></p> <p><i>Workshop for Members on Statement of Accounts 2016/17</i></p> | <p>Audit Manager</p> <p>Treasurer</p> <p>Monitoring Officer/Director of Service Support</p> <p>Chair</p> <p>Grant Thornton</p> <p>Democratic Officer</p> <p>Democratic Officer</p> <p><i>Grant Thornton</i></p> <p><i>Treasurer</i></p> |  |

|                        |   |               |  |
|------------------------|---|---------------|--|
| 26 June<br>[Authority] | Governance Statement 2016/2017  | Treasurer     |  |
|                        | Audit Committee – Terms of Reference, Annual Review (will now be reported to the Authority's AGM) | Audit Manager |  |
|                        | Annual Report of the Audit Committee 2016/17  | Chair         |  |

|  |  |                    |
|--|--|--------------------|
| 24 July 2017<br>[Audit Committee<br>2017/18] | Audit Findings 2016/17                               | Grant Thornton     |
|  | Statement of Accounts 2016/17 (Approval)             | Grant Thornton     |
|  | Treasury Management Annual Report 2016/17            | Treasurer          |
|  | <i>Self Assessment of Members of Audit Committee</i> | Internal Auditor   |
|  | Audit Committee Draft Work Plan 2017/18              | Democratic Officer |

