

Audit and Risk Committee Minutes
21 July at 10:30hrs

**Conducted as a public meeting at Headquarters and digitally via
Microsoft Teams**

Present: Councillor Evans (Chair), Councillor Barrie, Councillor Bayton, Councillor Idrees,

Virtually: Peter Farrow (Internal Auditors)

Officers: Tom Embury (Interim Clerk), Simon Barry (DCFO), Iain Newman (Interim S151/Head of Finance and Procurement), Rebecca Yates (Deputy S151), Marc Hudson (Head of Development), Mr David Page, Kirsty Tuffin (Democratic Services Officer).

Please note: It was agreed that agenda item 7 be moved to agenda item 3.

01/25 **Apologies for Absence**

Apologies were received from Councillor Haq and Richard Stanton (ACFO), substituted by Simon Barry (DCFO).

02/25 **Declarations of Interest**

There were no declarations of interest registered.

03/25 **Appointment of Independent Member for Audit and Risk Committee**

Tom Embury, Interim Clerk, informed members that following delegation from the Authority on 23 June, the Committee were asked to approve the appointment of the Independent Member, Mr David Page, following a recommendation from the Interim Clerk and Interim S151/Head of Finance and Procurement.

A thorough recruitment process had been conducted that saw the applicant process be extended to assist with the number of applications. All details around the interview were included within the report for members information. Following queries around recommendation 2.2, Tom Embury advised members that the

Authority had approved the desire for two independent members and as part of the Corporate Governance Improvement Plan it was intended to review the set up of independent members and Co-Optee to the authority, and therefore appropriate to attempt to recruit a second Independent Member.

Resolved:

1. That it be agreed that the appointment of Mr David Page to a four-year term as Independent Member of West Midlands Fire and Rescue Authority Audit and Risk Committee be approved.
2. That it be agreed that the committee recommend to the Fire And Rescue Fire Authority to consider recruitment of an additional independent member in the near future, as part of expected changes to the use of independent and external expertise on the Authority as part of the implementation of the agreed Governance Improvement Plan, be approved.

04/25 **Audit and Risk Committee – Review of Terms of Reference**

Tom Embury provided an overview of the Audit and Risk Committee – Review of Terms of Reference (TOR) report that opened up the opportunity for members of the committee to provide input ahead of a comprehensive review expected as part of the improvement plan, agreed at Fire Authority on 16 June 2025.

Members were advised that this was the first step in the review process and although TORs were determined by the Authority, it would not be the last touch point with the committee. Any feedback provided by the committee would be taken to Fire Authority in September 2025, with the intention to take a revised version back in November for approval.

Following queries, Tom Embury advised members that there had been a variety of different TORs used across different organisations. It was clear that the core elements around finance, Statement of Accounts and auditors work was similar however, others incorporated their scrutiny functions within the committees. The internal Auditors confirmed that most TORs followed the CIPFA Model, and the authorities TOR covered the core elements. They felt it would be ideal to do some comparison work of other FRS, in which

Tom Embury confirmed that the Corporate Governance Improvement Board were seeking views of governance models within 5 different organisations and could incorporate the Audit function within this. It was confirmed that the 5 organisations were: Merseyside, Kent, Cambridge, West Yorkshire

Following queries, it was agreed that the Audit charter would be added to the work plan, and reassurance was given that it was being looked into how to ensure the authority oversees the governance statement in draft prior to its approval at the Annual General Meeting. It was highlighted that the term public sector audit standards needed to be updated to reflect the title change.

Tom Embury advised members that any additional feedback on the TOR could be submitted to him prior to the September meeting.

Resolved:

1. That it be agreed that feedback be provided by members on potential changes or additions to be made to the current Terms of Reference.
2. That it be agreed that the content of the CIPFA position statement on Audit Committees and the LGA “Ten Questions for Audit Committees” in developing their views, be noted.

05/25 **Corporate Risk Report Q1 2025**

Tom Embury, on behalf of Kelly Whitmore, presented the Corporate Risk Report that outlined all aspects relating to the management of the authority's corporate risks covering quarter 1 for 2025.

Members were advised that the authority had approved a new approach to the corporate risks in December 2024, with reports moving from 6 monthly to quarterly. Reports would look to highlight red rated risks, or risks that have increased, with the full risk register included as an additional appendix. As per the report, corporate risk 1892, relating to statutory assurance, was now closed given its similarities covered in other risks. Clinical risk had now been split into two as it was felt the mitigations were separate.

Following queries from the independent member and members on airwave virgin ISDS, Simon Barry confirmed that this was a result of

command/control and equipment that was covered by airwave, and the service was working to replace them. The approach was being taken proportionately ahead of January 2026, following slippage that has resulted in the deadline change from the previous November 2025. The specific connection to airwave and ISDN, would be brought back to the committee alongside the date of communications move to vibrate.

Simon Barry confirmed that risk 1872 regarding policy changes on driving/swimming requirements, was a new risk following the change having an adverse impact on BAME and female applicants. Figures would be provided on the total number. The service was looking at how to resolve this impact and looking at best practice at other fire services. The requirement had not previously been required which required the service to rely on volunteers however, due to the numbers required, there was not enough volunteers to meet the need. Marc Hudson confirmed that the service was looking at whether the requirement to swim and drive, could be extended given that successful applicants would undergo a 2-year probationary period before officially signing on. Simon Barry confirmed options were being considered but the financial cost would also need to be considered.

Tom Embury read the following statement on behalf of Kelly Harding, regarding the escalation of risk;

“The DoP commissioned a review into volunteering practices, from a lens of ensuring that our policies and practices are sound but also through a lens of understanding our volunteer experience. The review, which has recently concluded, showed that we have more to do to strengthen the volunteer experience so that volunteers feel appreciated and recognised but also that our policies and practices do not align with those of our employees; for example there is no progression pathway from volunteering to paid employment, we do not offer wellbeing support as effectively and frequently to our volunteers as we do to employees, and there is some confusion amongst volunteer managers of how to address low level behavioural concerns.

“Therefore, following the review being concluded and presented to the Senior Leadership team, it has been agreed that recommendation and action tracking will now sit in a volunteer governance group – reporting into the people and culture board. Until we have fully assured ourselves that progress is being made against all of the actions, then the risk will remain slightly higher than it has previously. However, we fully expect this risk to be accepted, and eventually mitigated, once we have drafted the review into an action tracker, of which the meeting is taking place over the next 2 weeks. Following queries around the vast changes in risks, with reference to risk on carbon neutral and risk 1861 media coverage, Simon Barry confirmed that as the Senior Leadership Team were attempting to provide more detail, some risks including the medica coverage 1861, had previously been underscored at 3 and had therefore been raised to 9. As the new approach to reports continue, changes in risk ratings would be more meaningful as the new figures are determined. An update on carbon neutral risk would be brought back to the committee.”

Tom Embury read the following statement regarding absence risk:

“The prominent issue with this risk is that, due to current system limitations, we are unable to assure ourselves that absence data is accurate. We have awareness of absence data on a day to day basis from an operational perspective and this is managed effectively within the operational command structure. However, in terms of the service being able to identify trends, understand absence levels month on month, this is not possible. We have set up a governance group to address two key points: that our systems need to be able to manage and present the data that is required to have adequate strategic oversight, and b) that the strategic leadership team can assure itself that absence in being managed in line with the policy. This latter point is something that we are making good progress in with all operational sickness having been audited with non-operational employee audits taking place over the coming weeks.”

Simon Barry reassured members that absence codes covered mental health. The key was balancing applying the policy alongside being a caring employer to its employees. Following queries around

the risk to operation absence figures, Simon Barry confirmed the service had performance data, with the service being acutely aware when issues arise as staffing was arranged on a daily basis. The ridership programme was utilised to cover any backfill needed by overtime opportunities for staff. Pre covid the data was an average of 15 absences, during covid this increased to 23, with it now sitting at 21. The service was looking at how the figure could be improved, and if it could not be, then what steps would be needed to resolve the gap moving forward. Members expressed high numbers of absence as a result of mental health was not bad with acknowledgement of the difficult job firefighters do being given. It was felt positive that people felt comfortable to address their mental health struggles.

Following queries on Oracle, it was agreed that an update be provided specifically covering IT elements, including cyber security, at the next meeting. Tom Embury advised members that risks on the governance move/devolution bill had been based upon the likelihood. Meeting with the West Midlands Combined Authority and HMCLG were underway, with hopes to meet with the Mayor later in the year. The Chair of the Authority confirmed that although it was not in law yet and changes could be made, there was risk associated with such a move and the uncertainty. A working group had been established and relationship building with the mayor was underway.

Resolved:

1. That it be agreed that the areas of note and discussion as highlighted below with full detail in the Corporate Risk Assurance Report in Appendix A, be noted.
2. That it be agreed that closure of two risks and the introduction of a new risk as set out below, be noted:
 - a. Close Corporate Risk relating to Statutory Assurance R-1892, as through our monitoring it was determined that the themes covered within this risk and mitigation are captured within other existing Corporate Risks.
 - b. The segregation of Clinical Governance and Health, Safety and Wellbeing of staff into two separate risks. This has seen the introduction of Clinical Governance (R-1883) and the revision of

Health Safety and Wellbeing (R-1874) to remove reference of clinical governance.

3. That it be agreed that comment be provided on the corporate risks as presented in the Assurance Report in Appendix A.
4. That it be agreed that update on carbon neutral risk would be brought back to the committee.
5. That it be agreed that an update be provided specifically covering IT elements at the next meeting.

06/25 **Annual Treasury Management Review 2024-25**

Iain Newman, Interim S151/Head of Finance and Procurement, provided an overview of the Annual Treasury Management Review Report 2024-25 that outlines the actual activity to the planned strategy agreed by members during budget setting. The report covered both the borrowing and cash flow activity up to March 2025.

Members were advised that questions had been received in advance of the meeting from the newly appointed Independent Member that he would look to address. The queries covered a range of different areas including the underspend, investment portfolio and reliance on PWLB. It was confirmed that the underspend had been a result of the delay in vehicle replacements and other smaller elements, with reference made to the review of BRV. Tender had now been issued for the BRV+ that would look to replace the BRV fleet, as well as up to 11 PRLs and 2 tech rescue PRLs. Spending forecast would be revised in line with an updated timeline. Reserves had not been used as much as planned and borrowing had not increased. Iain Newman directed members to the table and page 14 of the report, that covered investment portfolio and investment movement, confirming that the increase had mainly been the result of movement of £3.4m in short term investments. It was confirmed that the last loan from PWLB had been 10 July 2008. The Interim Section 151 Officer indicated that it may be possible to make early repayment of around £15m of PWLB loans that could save the authority around £200,000 per year and would not prevent any planned delivery. Following queries on early payment penalties, members were advised that some loans do incur a penalty, whereas other provide discount to

pay off early, with calculations showing a potential saving from early payment of a number of PWLB loans. An update would be provided at the next Audit and Risk Committee meeting in October.

Following queries on the 2.74m receipts outlined on page 5 of the report, Rebecca Yates confirmed that properties and vehicles had been sold resulting in this figure. It was agreed that a breakdown of the capital receipts would be circulated to members. Iain Newman reassured members that there was no impact on measure of reserves and there was no threat to liquidity as they were based upon investments, following queries on the risk of reducing reserves.

Resolved:

1. That it be agreed that the Annual Treasury Management Review 2024/25 as set out in Appendix A be approved.
2. That it be agreed that a breakdown of the capital receipts would be circulated to members.

07/25 **Recruitment Assurance**

Tom Embury advised the Committee that this report was being provided to members following the concerns raised by Grant Thorntons in November 2024 around the recruitment processes. The aim of the report was to provide final assurance to the committee, following regular reports being presented at previous committee meetings.

Marc Hudson, Head of Development, provided an overview of the recruitment assurance report that outlined the steps taken to address the recommendations within Grant Thornton's Value for Money report. a review had been conducted on all relevant policies, with an addition to management policy around appointments of principle officers. Policies now included a new starter checklist for all applicants. During an organisation review of the DBS checks, gaps were found around internal progression and the DBS level required. It was confirmed that these gaps had now closed. DBS reports would continue to be reported to the Scrutiny Committee, as per their terms of reference. Previously, secondees employment checks were done by their relevant organisation however, with changes being

introduced HR would now be responsible for conducting checks on behalf of the service.

It was agreed that figures would be shared on staff overall turnover to the independent member, but it was confirmed by the DCFO in terms of Firefighters, the turnover would typically be around 70 usually as a result of retirement. Following queries around Recommendation 2 and the establishment of new roles, Tom Embury advised members that the changes would be relevant for where a role is new or looking to be created above £100k. It was agreed that relevant policies would be shared with the committee, following queries for a breakdown of different levels of DBS checks required for different roles. It was confirmed that DBS checks and transfer processes relevant to roles above £100k at all levels required Authority approval. The Service was responsible for the cost associated with the DBS checks.

Resolved:

1. That it be agreed that the actions taken by the Service following the external auditor's report in relation to Recruitment, be noted.
2. That it be agreed that figures would be shared on staff overall turnover to the independent member
3. That it be agreed that relevant policies would be shared with the committee.

08/25 **Audit and Risk Committee Work Plan 2025-26**

Tom Embury provided an overview of the committee work plan, reassuring members that all items agreed today would be included ahead of the next meeting, including the Annual Governance statement Mid-Year and the Audit Charter. It was highlighted that due to the June meeting being moved from the 16th of June to the 30th, it had not been possible to include the minutes from the last meeting on today's agenda pack and therefore would be included in the next meeting in October. Two items deferred, as per the work plan, were deferred following requests from the Monitoring officer and Grant Thornton and would be brought to a future meeting.

Peter Farrow confirmed that a progress update report would be brought to the committee in October from the Internal Auditors.

Resolved:

1. That it be agreed that the Audit and Risk Committee work plan 2025-26 be noted.

09/25 **Update on Topical, Legal and Regulatory Issues (Verbal Report).**

There were no topical, legal and regulatory updates.

10/25 **Any other business**

No other business was raised.

The meeting concluded at 12:15pm.