APPENDIX B

Review of governance at West Midlands Fire and Rescue Authority

Report of the Centre for Governance and Scrutiny

June 2025

Centre for Governance and Scrutiny

About the Centre for Governance and Scrutiny

The Centre for Governance and Scrutiny (CfGS) is a social purpose consultancy and national centre of expertise on public sector corporate governance. Our purpose is to help organisations achieve their outcomes through improved governance and scrutiny.

We support local government, the public, corporate and voluntary sectors in ensuring transparency, accountability, and greater involvement in their governance processes.

1. INTRODUCTION

1. In October 2024 the Centre for Governance and Scrutiny was commissioned by the Local Government Association to undertake an initial review of the governance of the West Midlands Fire and Rescue Authority (the FRA) and its strategic relationship with the West Midlands Fire Service (the FS). This work was commissioned by way of a direct grant further to an existing relationship between CfGS and the LGA, whereby CfGS has provided support to a large number of English authorities on governance improvement matters.

2. The intention of this exercise has been to support two strands improvement and support activity:

    - The establishment of an improvement board to support the authority to strengthen its governance arrangements;
    - A Best Value Review being undertaken by Government.

3. An inspection by HMICFRS was conducted in October 2024. While at the time of writing this work has concluded, its findings had not been published.

4. Our work is intended to:

    - Provide, as far as possible, a common understanding of how governance matters at the FRA have developed in the past eighteen months;
    - Identify areas relating to governance which others will need to investigate in more detail;
    - Identify short term actions which can be taken to stabilise governance systems, practices and behaviours, by way of a Governance Stabilisation Plan.

1.1 Methodology

1. We spoke to 5 members and 8 officers, through a series of semi-structured interviews. We also spoke to a representative of the Authority’s internal audit function (which is outsourced to Sandwell MBC). We corresponded on a draft of this report with the external auditor, Grant Thornton.

2. We reviewed agendas, minutes and reports of Authority meetings going back around

eighteen months, as well as meetings of the Authority's Scrutiny Committee and its Audit and Risk Committee.

3. We considered this evidence in the light of the content of national material on governance in fire and rescue, the detail of which we set out in section 2. We have reviewed in detail the Framework and other national guidance, as well as the practice of other FRAs in order to ensure that we have an accurate understanding of the practical implications of these priorities and the obligations they impose. We have done this by reviewing their the Statements of Assurance, but also by undertaking light-touch review of publicly-available records of formal business undertaken by those FRAs.

4. The work was carried out by Ed Hammond, Deputy Chief Executive, Centre for Governance and Scrutiny.

1.2 Limits of this exercise

1. This has been a limited exercise, involving a focused review of governance paperwork and short interviews with a small selection of serving members of the WMFRA and officers. We have attempted to review governance practices at the Authority for a period going back around 18 months from February 2025.

2. This report is not a formal investigation of individuals' conduct, or a forensic exercise which has sought to map in detail the mechanics of decision-making and oversight activity undertaken by WMFRA. This work has been commissioned as a discovery exercise. One of the purposes of this review has been to identify potential areas for immediate action. There are a range of issues where the Corporate Governance Improvement Board, and those undertaking work to review the WMFRA's compliance with the Best Value, will need to review in greater depth in order to reach a definitive conclusion. We have sought to clearly identify those areas where we think further review is necessary, and to identify the issues that such a review would resolve.

3. There are two specific issues which present limitations to this work and its findings.

4. The first issue is that we have not spoken to a number of individuals who played key roles in the governance of the authority during 2024. The former CEO, the former Chair, the former interim Assistant Chief Executive, the substantive s151 officer and the former interim s151 / Commercial Director are all individuals who fall within this category.

5. The second issue is that there are two matters which – while they provide important context for our work – we have not investigated substantively because there are now, or may imminently be, reviews and investigations on those matters which are being led by others.

    a) The work of the external auditor has investigated specific circumstances around the employment of senior officers. This has been the subject of statutory recommendations. We have considered how these issues impacted on governance more generally but we have not investigated the specific circumstances around the issuing by the Monitoring Officer of the section 5 report that related directly to these issues.

b) A significant underspend was reported to the Authority in summer 2024. We have sought to review the FRA's response to the report of the underspend and the actions they took to understand and take action on those reports rather than the underspend itself substantively.

6. While we are not investigating these two issues substantively, they do form part of the context for our work. We need to understand the prevailing relationships between key individuals in 2023 and 2024, as well as to understand the systems in place to manage risk at the Authority and how they were applied at the time when the underspend was reported.

2. GOVERNANCE ARRANGEMENTS FOR FIRE AND RESCUE AUTHORITIES

This section seeks to briefly summarise the expectations on governance set by law and guidance.

2.1 National arrangements

1. As things stand there is no formal national inspection system for fire and rescue authorities. The HMICFRS inspection programme considers the leadership context (including the relationship between senior leaders) but governance is not a focus of the exercise.

2. As such, external validation of the effectiveness of governance systems has three components:

    - Annual review by Government of FRA's compliance with the Fire and Rescue National Framework for England. Under the terms of the 2004 Act, the National Framework must be complied with. The Home Secretary holds a power of formal intervention here.

      The Home Secretary issues a letter annually setting out their conclusions as to FRAs' compliance with the Framework. This is a desk-based exercise satisfied by the production of a series of documents rather than an inquiry-driven assessment as to the adequacy in operation of the systems that those documents establish and underpin;

    - The general "best value" duty held by Secretary of State for Housing, Communities and Local Government. Fire and rescue authorities are "best value" authorities, designated as such by the Local Government Act 1999 (as amended). Government issued new statutory guidance on Best Value in spring 2024;

    - LGA guidance. Informal guidance from the LGA exists in the form of a "governance checklist" published in 2020, as well as the guidance "Leading the fire sector" (LGA / Greston Associates, 2019), which is directed at members of fire and rescue authorities specifically.

3. Between them these documents set out a range of complex, interlocking expectations with regard to governance and oversight. "Leading the fire sector" is particularly useful in providing a practical set of expectations for member oversight, and we have used it to frame our understanding of the issues in play for members' activities at the Authority with particular reference to the operation of the FRA's scrutiny function. Understanding that behaviours and attitudes also have relevance we have also had regard to the principles in the "Governance risk and resilience framework" (CfGS / Localis, 2021), as laid out in the statutory Best Value guidance.

4. In summer 2022 the then-Government set out plans for reforming fire and rescue services, including reforms to governance. A post-consultation report published in December 2023 set out Government's preferred direction of travel but the new Government has not yet set out which, if any, of these reforms it proposes to take forward.

2.2 Local arrangements

1. The FRA follows standard practice in having a Constitution (although it is not required by law to have one).

2. The FRA has 15 members, with representation by council having been determined in the Fire and Rescue Authority (Membership) Order 2017, which amends the Local Government Act 1985 to reduce the total number of members of the Authority from its previous level.

3. The FRA operates as a full Authority (in which form it makes most decisions), alongside a number of committees:

   - An Audit and Risk Committee;
   - A Scrutiny Committee;
   - A Collaboration and Transformation Committee.

4. There is also an Appointments, Standards and Appeals Committee, a Joint Consultative Panel (for employment matters[1]) and a Pensions Board. A Member Engagement Forum (previously known as the Policy Planning Forum) also exists. This is not a decision-making body but provides a forum for the discussion of important issues affecting the Service prior to formal submission and discussion with Members via the Committee framework as appropriate.

5. In February 2025 the Authority published its Statement of Assurance for the year 2023/24. The FRA has also produced an Annual Governance Statement. The most recent AGS was agreed in draft by the Audit and Risk Committee in July 2024, with a revised version finalized in February 2025.

6. The FRA, as is required by the National Framework, produces an Integrated Risk Management Plan, which it describes as its Community Risk Management Plan (CRMP). This document is central to the Authority's ability to assure itself on the presence of local and national risks, and on the presence of mitigations relating to those risks. This Plan sits alongside the Authority's wider Strategy. Both documents took effect from 1 April 2024.

7. Our findings comment on the steps that the Authority has taken to assure the adequacy of this CRMP, further to the expectations of the National Framework. We have not reviewed the adequacy of the Plan itself.

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[1] This is primarily part of the WMFS employee relations framework

2,2,1 Mayoral governance for the FRA

8. In 2017 WMFRA and other partners carried out substantial work to prepare for the expected assumption of responsibility for fire and rescue duties by the Mayor of the West Midlands. Plans were not taken forward at the time. We recognise that WMFRA, WMCA and other partners may wish to revisit this possibility (in light of the Government's current devolution plans) but this paper assumes that in the medium term the FRA will continue to exist as a separate institution.

3. FINDINGS

3.1 Summary

1. The events of 2024 were exceptionally personally challenging for senior officers of the WMFS and members of the WMFRA. In the autumn of 2024, officers and members had to come together at short notice to stabilise the ongoing business of the Authority following the departure of both the Chair and Chief Executive Officer. From this point on both members and officers were able to begin what will continue to be a fairly lengthy improvement journey. Our findings and proposed actions are intended to build on and develop improvement work already done – as well as providing WMFS and WMFRA with an opportunity to reflect on this period with a view to making long term, permanent changes.

2. Many members and officers understand that key aspects of the system of governance for fire and rescue in the West Midlands failed during 2024. For us the starting point of this exercise must be to articulate the nature of this failure. In short, this is:

    - A failure of members to feed into strategic decision-making, involving a focusing of leadership activity around the roles of the Chair and CFO/CEO, to the exclusion of others;
    - A failure of members to align their programme of work to the risks faced by the FRA and the FS – particularly important given the central nature of risk to the FRA's business;
    - A particular failure on the part of members to follow through, understand and take action on a significant underspend reported to the Authority in June 2024;
    - Variable adherence to important processes and systems, which connects to activities which isolated and overrode the functions of statutory officers. We have used the postponement of July 2024's Audit and Risk Committee as a case study for this but there are other examples, including the submission of reports to the Authority without having received proper statutory officer signoff and employment matters which are ongoing and subject to separate review.

3. The cause of this failure – and, hence, the nature of the required improvement – is a matter where there is disagreement. In short, did WMFRA's governance challenges emerge in 2024 solely from issues relating to a breakdown of relationships between people in leadership positions during that period, or were there existing weaknesses that facilitated and/or exacerbated the impact of that breakdown of relationships?

4. In our view there have been underlying problems in the governance of the Authority, and the relationship between the FRA and FS, that were exacerbated by the events of

2024. Relationships prior to 2024 were better although not perfect. Since the appointment of the new CFO in early 2025 relationships have been significantly better. However, the FRA and FS would have been better able to manage the poor relationships that did emerge during this period were it not for some systemic weaknesses – primarily weaknesses in effective member leadership, but also in the operation of the governance framework more generally. These weaknesses are more significant in nature than some at the FRA and FS currently think, and will require significant action to resolve.

5. We have evidenced these weaknesses through interview with selected officers and members, and through review of documentary information. We have used a case study, at the end of this report, to provide a practical worked example of how some of these weaknesses combined to contribute to the postponement of a meeting of the Audit and Risk Committee in July 2024.

6. Below we outline the weaknesses we have identified, other issues, and possible opportunities for resolution, alongside areas where we think improvements are possible and necessary.

7. There are areas of emerging strength and capability. The start of a new Chair and new CFO are beginning to tangibly stabilise working arrangements. Senior relationships have definitely improved. Steps have been taken to improve the nature and quality of information going to meetings, and to amend the cadence and rhythm of those meetings. Actions should be seen therefore as complementing existing and planned improvement activity on governance, rather than replacing it.

8. The FRA and FS – through the newly-established Corporate Governance Improvement Board - should take steps to formulate and agree a Governance Stabilisation Plan that will address these issues in the manner described in our main report. In the meantime, the table below sets out a basis for this plan.

9. These, and other, issues will need to be investigated further to ensure that those in leadership and improvement positions have a full and accurate picture of the prevailing position and the FRA and FS's consequent improvement needs.

3.1.1 Proposed actions

10. The proposed actions set out below are aimed at putting in place the systems, processes and structures that will allow for a longer-term shift in behaviours and attitudes amongst members and officers relating to duties and responsibilities.

11. Ownership is important. All actions should be taken as being addressed primarily to the Authority but also to other partners, national and local, who may be involved in improvements to governance at the Authority. The Authority will need to consider if and how to pursue these proposed actions – including their relative priority – and how to use the actions to help to lead and direct wider improvement.

12. We have recommended that some issues be subject to "further review". Because

this review is itself a discovery exercise, these actions suggest that the stakeholders in governance review at the Authority will need to consider current practice, and future options, in more detail before reaching a conclusion.

Issue	Action
1) The Authority's committee structure is not fit for purpose (see section 3.5.1)	a) For 25/26: ○ Abolition of the Collaboration and Transformation Committee and merging of its functions with the Scrutiny Committee. (The Authority already plans to abolish this Committee). ○ Creation of an Executive Committee to undertake business on matters not reserved by law to the Authority, subject to the terms of reference of the Overview and Scrutiny Committee and Audit and Risk Committee, with that body meeting monthly. (Detailed commentary on this arrangement is set out in section 3.5.1) ○ Reduction in the frequency of full Authority meetings (which we understand is already planned). ○ Reorganisation of the committee cycle to ensure that timings and work programmes for all committees/bodies align. The focus will need to be on the need for formal business to be focused and targeted on where members can add value (informed by our recommendation for a Business Management Group for the Authority). This is covered in detail in section 3.5.1. ○ Further review the constitutional matters set out at 3.4.1.
2) The purpose and role of the	a) Specify and agree a range of core tasks for the Authority and its committees, derived from the

Authority is poorly articulated and understood (see section 3.2.1)	National Framework and other national guidance. b) Redraft committee / FRA terms of reference in the Constitution to reflect these tasks. c) Draft and agree a set of fundamental principles underpinning decision-making and assurance duties (with particular regard to the mutual and separate roles of members and senior officers, and the need to assure operational independence for the FS and a focus by the FRA on its assurance and oversight function)[2]. d) Ensure that members and officers are aware of those duties, recast work programmes and update governance documents accordingly. e) As a subgroup of the Improvement Board put in place a Business Management Group for the Authority comprising the chair of the Authority, chairs of its committees, the Clerk, the MO and appropriate opposition party representatives, to manage the duties and work programme of the Authority overall.
3) Some members do not hold the skills and capabilities that they need to carry out their roles (see section 3.2.2)	a) Further review and consider the sufficiency of the Member Development Strategy with a focus on giving members the basic skills and capabilities needed to carry out their roles. b) Further review the need for complementary action on learning and development for senior officers; c) Further review the process of nomination of members to sit on the Authority: i. Work with nominating authorities to ensure that ongoing member selection is based on a long-term commitment to the Authority and a more joined-up approach to ensure a robust spread of skills ii. Develop a basic role description for

[2] The constitution provides definitions for operational and governance decision-making – these definitions (and the way that they are practically used to inform the programming and management of authority business) should be revisited as part of this action.

	members which is informed by the role of the Authority generally. d) Further review the support arrangements for the independent member on the Audit and Risk Committee e) Further review the co-option of other independent people onto the Authority in the short term to fill skills gaps and to add improvement capacity and capability. f) Further review appetite and need for an independent Chair for the Audit and Risk Committee.
4) Audit and Risk Committee is not transacting its responsibilities effectively (see section 3.4)	a) Work with Audit Chair to redevelop the work programme for 25/26, aligned more closely to CRMP and to risk issues more widely (See Action 5 below); b) Work with the internal audit service (provided by Sandwell MBC) to work with Committee members, the Chair of the Committee and the Chair of the Authority to better understand members' assurance needs and expectations on the internal audit plan, and findings from audit activity. c) Further review the value in establishing an in-house internal audit service, which could be built our from the FS's existing organisational assurance capability.
5) Overall, members are not receiving adequate assurance on finance and risk matters (see section 3.4)	a) Use the CRMP and National Framework to redevelop the Audit and Risk Committee's duties and activities around risk management and financial governance, providing appropriate member training. b) Further review the focus and complexity of reports and other official information to ensure its fitness for purpose. In particular, the drafting of reports will need to engage with the key tasks that members need to perform on financial governance

	and assurance, aligned with the findings of the external auditor's report. c) Further review practice relating to regular information sharing through the Member Engagement Forum to reduce the burden on formal meetings.
6) Strengthen arrangements for statutory officers (see section 3.2.4)	a) Further review the Authority's needs with regard to the "golden triangle" of principal statutory officers; b) Ensure that the MO and s151 are better integrated with the wider senior officer team of the FS (and ensure that senior officers understand the duties and accountabilities of those statutory officers).

3.2 Leadership, decision-making and relationships

3.2.1 What the FRA exists to do

1. We would expect member leadership to be driven by a coherent sense of the Authority's purpose, role and functions. In our view there is no commonly held understanding of these matters.

2. The National Framework sets out some basic priorities for fire and rescue authorities' functions.

3. These are:

    - make appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents;
    - identify and assess the full range of foreseeable fire and rescue related risks their areas face;
    - collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of the service they provide;
    - be accountable to communities for the service they provide; and
    - develop and maintain a workforce that is professional, resilient, skilled, flexible and diverse.

4. It follows that FRAs need to be able to have regard to these priorities in the work that they undertake. In doing so, the FRA needs to have a relationship with the FS that is

supportive and challenging, and that reflects the formal nature of the decision-making and oversight roles that the FRA performs.

5. The identification, understanding and management of risk is fundamental – a central characteristic of fire and rescue service design that goes some way beyond what councillors might be used to in a local authority. This frames a specific duty that FRAs hold of assurance around risk and risk management.

6. This assurance duty should cut through the decision-making, and wider oversight, responsibilities carried out by an FRA.

7. Members do not currently hold a clear understanding of these duties or of the priorities set out in the National Framework, and what those duties and priorities mean for their day to day work. We have reached this conclusion because we have seen that:

- The work programme of the FRA and its committees do cover these issues, but such consideration by members is ad hoc and not systematic;
- Some reports presented at FRA meetings are lengthy and discursive, suggestive of a lack of understanding on the part of officers of members' roles;
- While information is circulated to members that does touch on areas the minutes of meetings suggest that members are not able to make use of this information effectively to exercise their duties on leadership and assurance.

3.2.2 Member skills and capabilities

8. Most members' contribution to debate, decision-making and oversight at FRA meetings (and feedback from interviews) suggest disengagement from their role on the FRA. While there are some notable exceptions, there is not the critical mass of members necessary with the skill, time and aptitude needed to carry out their role with the necessary vigour.

9. Minutes suggest an unfamiliarity amongst the membership with fire service policy and practice. This is backed up by some of the interviews we carried out with both members and officers. Although training and development is offered, and while support has been provided to develop subject knowledge through briefing at the Member Engagement Forum, members' awareness of key issues, and their ability to grip these issues, remains limited.

10. Members will have a wide range of duties and responsibilities at their home authorities and possibly on a range of other outside bodies. In practice, this may lead to their duties on the FRA being a low priority. It may also lead them to fail to consider their personal needs when it comes to their ability to carry out their responsibilities on the FRA. We think it is likely that nominating authorities do not pay sufficient consideration to the demands of the role in selecting members to sit

on the Authority. The process by which nomination happens will need to be subject to further review.

11. The duties of the FRA are distinct and unique – particularly with regard to risk management – and priorities and ways of working will also be very different. From minutes and further to feedback from interviews, it is clear that many members of the FRA do not appreciate these distinctions. Moreover, the reports with which members are presented by the FS are not drafted in such a way as to develop their capability and understanding of the matters for which they hold responsibility, in part because of the complexity of written material that we describe above.

12. There is a particular need to select individuals with the skills, aptitude and capability to manage these challenges, and for those people to be in post for some time to allow their skills and knowledge to mature. The FRA's current membership do not, by and large, benefit from a lengthy tenure. Although members clearly want to perform effectively there is not a common understanding of what they are there to do, leading to fractures in expectations which themselves lead to gaps in the governance framework.

13. The FRA does have a recently-agreed member development strategy, but we consider that the findings in this report, the findings from other review exercises and the direction set collectively by the new Authority post-May 2025 and the Corporate Governance Improvement Board will require that this be revisited.

14. While a possible way forward would be to develop a full job description and person specification for members of the authority, we think that a more basic role description will be sufficient to provoke meaningful conversation about skills and capabilities that reflects the formal discretion that authorities hold to make their nominations. The way forward will need to recognise that not all members will come to the Authority holding all the skills they need, and that effective team working (and ongoing development) will help to mitigate areas of initial weakness that some members may hold.

15. This may involve the Monitoring Officers and Group Leaders of nominating councils, with the Chair and Clerk of the Authority, working together to identify the range of skills and capabilities required across the membership of 15, and then ensuring that these can be provided for across the piece. This reduces the high bar of expectation that all members will need to come to their work on the Authority with the full range of expected capabilities immediately.

<u>3.2.3 Relationships between FS and FRA leadership</u>

16. Relationships between members of the FRA and senior officers at the FSS have by and large been reasonably good in the past (in the sense of individuals getting on and being able to work together and support each other effectively). We heard

limited evidence of some challenging relationships prior to 2024, though recollections and experiences vary.

17. The quality of the formal relationship, however, has suffered because of the lack of mutual understanding of the FRA's fundamental role.

18. In the recent past, meeting minutes suggest that most members of the FRA have not demonstrated an understanding of the complexity of fire and rescue policy and delivery (particularly the importance of risk). Interviews that we have carried out with members and officers support our understanding of this.

19. We have heard from some interviewees that historically the effective operation of the FRA-FS relationship has been governed by the relationship between the FRA Chair and the CFO/CEO. This is an argument supported by reports and minutes of meetings. Meeting minutes appear to suggest a perfunctory consideration of decision-making items, with few questions being asked and with the Chair and CFO/CEO clearly already being aligned on the substance of what is under discussion. To an extent we would expect to see a degree of strategic alignment between those in leadership positions – and that the Chair and CFO/CEO would need to discuss and consider things informally being bringing them to meetings of the Authority.

20. However, this should be supportive of the Authority – led by the Chair - being able to carry out their role in bringing rigour and challenge to decision-making through proper debate. In our view the way that relationships developed was to the exclusion of this debate.

21. On the officer side, the extent of involvement of other senior staff has varied, although the role of the CFO has always been of greater significance than the other statutory officers (something which imbalances the operation of the "golden triangle", on which we comment further in section 3.2.4).

22. On both the member and officer side this focus on the Chair and CEO was a trend that, although it developed most obviously during 2024, was also (to the extent of which we can ascertain) present prior to this point.

23. The weaknesses of an approach focused on the personal relationship between two individuals became clear when that relationship (between the then-CEO and the then-Chair) broke down during 2024.

24. This situation was exacerbated by the circumstances that preceded it in late 2023 and early 2024. The period around the tragic death of the former CFO was an exceptionally difficult time for the service and the Authority. There was a need in early 2024 for the Authority to take immediate steps to bring short term organisational stability through the appointment of an interim CEO. This has been

described to us as being in the interests of "steadying the ship" and providing an environment of certainty for the organisation at large, where attempting to move to immediately recruit a new permanent CEO may have taken longer.

25. As 2024 continued decision-making activity came to be driven almost exclusively by this bilateral CEO-Chair relationship. A lack of visibility on the part of other FRA members on key priorities and decisions[3] meant that governance, at that point, began to suffer significantly. There were two main reasons why this practice continued largely unchecked.

- First, the lack of existing guardrails around relationships – the absence of a strong golden triangle (see section 3.2.4), the weakness in FRA members' ability to maintain grip on their duties of oversight and assurance (see section 3.4) – meant that an approach which focused decision-making on the Chair/CEO relationship was allowed to develop, in part exacerbated by the leadership style of those in positions of power and control. When, as 2024 progressed, attempts were made to push back those attempts were rebuffed in a way that should not have been possible. In an organisation with more mature, robust governance there would have been people occupying other nodes of power who would have been able to act, sooner and more proactively, as a brake on these activities.
- Secondly, the practice, which developed at this time, of seeking to provide members with reassurance through regular informal information updates, without those updates being subjected to meaningful scrutiny. The approach was based on the assumption that the FRA only needed to be kept sighted on certain business that the CEO and Chair were managing between them[4]. In some traditional Board contexts this would be an appropriate way to manage relationships but the unique demands of an FRA demand a different, more holistic, approach to governance. Both the Chair and members of the FRA should have had clearer expectations on the FRA's role in direction, leadership and oversight, and should have insisted on a different approach.

26. Although this is likely to need further investigation, we feel able to conclude that the reason why members of the Authority were effectively cut out during this period is because of a perception of the limited value that they added (further to our findings in section 3.2.2 above on member development and capability). Review of minutes and evidence from interviews strongly suggests that debate and discussion at meetings of the FRA and its committees has for some time added little to the decision-making or oversight/assurance process and was not of a quality to provide either the challenge or support that the CEO or senior FS officers needed in order to undertake their work effectively.

[3] We reflected in paragraph 19 above on the perfunctory manner in which FRA business was transacted during this period.
[4] We explore specific deficiencies in practice in the section below on "assurance", section 3.4.

27. As a result it became sidelined – a process that began, we think, some time before the appointment of the then-CEO in 2024. The CEO and Chair had in 2024 a choice – to invest significant time and effort in improving the capability of an institution which felt directionless, or to manage decision-making themselves. The latter was of course the easier short term option but has given rise to deeper medium and long term problems.

3.2.4 The golden triangle

28. A key support to effective member leadership is the presence of a strong and effective group of statutory officers. Between them the CEO/CFO, Monitoring Officer and s151 officer (in the West Midlands referred to as the Treasurer) hold core duties relating to the governance of the organisation. They should act as a bulwark to members' decision-making and oversight duties.

29. In the West Midlands, the Clerk to the Authority plays an important, complementary role, which deserves further explanation because it is distinct to the role of the clerk in other authorities. The Clerk here holds a particular responsibility not only for the effective administration of the FRA's formal business but the strategic alignment between the SLT and the FRA.

Historically the FRA shared its Monitoring Officer and s151 officer with Sandwell Council. (The internal audit service is still provided by Sandwell). Arrangements were put in place in 2014 to bring these roles in-house. The post of s151 officer and that of Clerk have been full-time while that of Monitoring Officer has been part-time (something which the Authority may wish to revisit).

30. For these roles to be able to operate properly requires a consistent level of understanding of duties, expectations and responsibilities on the part not only of these individuals but also on the part of the CEO/CFO and the wider senior leadership team of the FS – as well as on the part of members.

31. All of these people need to understand that governance systems and processes exist for a reason – that the oversight role of the Authority is a fundamentally important one, and that challenge, oversight and assurance are about much more than paperwork and bureaucracy. Ultimately they are about the presence of a supportive culture that sits around the process and systems of the governance framework.

32. There has we think been a historic weakness in this wider buy-in on the importance of good governance – especially but not exclusively on the member side – which was compounded by the events of 2024. As we have already noted, it led to those arrangements being undermined, which led to the outcomes that we set out in this paper's summary in section 3.1.

33. In 2024, when decision-making activity was focused on the CEO-Chair relationship,

this means that this activity was not informed by professional advice from the MO or s151 officer or by the Clerk.

34. Relationships between statutory officers broke down fundamentally during 2024. We have been told by multiple interviewees that during this period instructions were given by individuals then in leadership positions at the FS that had the effect of cutting the Monitoring Officer and Clerk in particular out of discussions and decisions relevant to their roles and responsibilities. This reflects what we consider to be a disregard for proper standards of governance that reflects the prevailing cultural approach we outline above – that governance presented a barrier to, rather than an enabler of, effective strategic and operational activity. Over the summer and early autumn of 2024 this breakdown would have been evident to members of the Authority but there is no evidence arising from formal Authority business that consistent action was undertaken to understand and arrest the strategic risks arising from this – although we understand that some member concerns were expressed informally.

35. The issue has been recognised and the FRA committed in October 2024 to the production of a statutory officer protocol. We recognise that the protocol has been drafted to reflect sector best practice. However the FRA and FS – advised by statutory officers and with the benefit of external advice – may need to consider whether this protocol, as agreed, meets the needs outlined in this paper. This may be less about the wording of the protocol itself than the way it is being culturally embedded within the organisation. Processes may also need to be further bolstered. For example clarity may be needed on the duties of the MO with regard to the FS, and the FRA, as separate entities.

3.3 Scrutiny

1. Scrutiny activities are carried out both by the Scrutiny Committee and the Collaboration and Transformation Committee. This leads to some confusion around role and remit.

2. The Scrutiny Committee's ability to carry out its role as a body scrutinising and overseeing decision-making at the Authority (as well as contributing to policy development) is confused by the fact that its members (by definition) also sit on the main FRA. The committee itself meets shortly after meetings of the FRA – leading to an unproductive, post-hoc approach to business.

3. The Scrutiny Committee convenes task groups to review certain subjects in more detail. This results in useful and productive work but:

   - The justification for selecting certain topics over others is not always clear, particularly in relation to priorities in the CRMP;

- The exercise is clearly led and managed by officers. Members are involved, but overall they are not directing the process as they should be.

4. In our view the officer-led feel of scrutiny work reflects the challenges that we outlined in section 3.2.2 around members' engagement and capacity. Further work will need to be done to support a more member-led approach, but we recognise that this is likely to be a longer-term endeavour, and will be difficult to resolve.

5. The Collaboration and Transformation Committee has a focus on the cross-cutting partnership links that the FRA has with other bodies in the locality. This brings potential benefits (for example, the committee recently considered CRMP-informed work on health inequalities) but in our view collaboration should be more effectively mainstreamed as a subject of discussion within the wider Authority and the Scrutiny Committee.

3.4 Assurance

1. Assurance is the need for both members and officers to satisfy themselves as to the sufficiency of the FRA and FS's systems for managing its performance and financial arrangements, but particularly its approach towards risk. This should not involve senior officers or members being involved in the day-to-day task of managing these issues. Instead, members should be ensuring that problems and risks are being managed and mitigated, and should be provided with evidence to support that proactive activity. Members should expect that – on occasion – complex problems requiring a political direction will be brought to them for an active decision.

3.4.1 Assurance generally

2. Members have an obligation to seek assurance on key matters of performance, finance and risk management. Assurance is a critical duty for the FRA on account of the central importance of risk to policy development, decision-making and oversight in the delivery of fire and rescue service.

3. By and large members do not understand this role and its importance. We should stress that this is not down to a lack of commitment by councillors, who want to make sure that they support the FRA to be effective on behalf of the people of the West Midlands, but lack the ability to do so. Some members do recognise this shortcoming and officers (especially those officers close to the work of the FRA) also recognise it, and are worried that it hinders the ability of the FRA to engage properly with the FS. However, we also understand that this shortcoming is longstanding, and in reviewing public paperwork from business of the FRA between 2023 and 2024 there was no attempt to acknowledge and deal with it as a problem, including through the process of review for the Annual Governance Statement.

4. Information has been presented to the FRA in the recent past with the intention of providing reassurance rather than assurance, satisfying members' curiosity rather than supporting them to carry out a critical role in the governance framework.

Officers work hard to provide relevant, detailed information to the Authority's members but this information rarely results in incisive or useful questioning, challenge or indeed support. The situation is not helped by a comparatively high turnover of Authority members, on which we comment in more detail below.

3.4.2 Financial management

5. The Authority cannot assure itself that it has the appropriate mechanisms in place for proper member oversight on financial management. This is not to say that financial management is itself poor.

6. Information brought to Audit and Risk Committee that relates to the transaction of the internal audit function is not sufficient to provide members with the assurance that they need. We make no comment on the adequacy of internal audit work itself, but the form and substance of its presentation to committee (including in the Internal Audit Progress Report) is not sufficient. Members are not sufficiently engaged in the design of the internal audit plan or the evaluation of its outcomes.

7. When work has flagged limited assurance arising from certain audits, members have not gripped those issues and sought to understand how they are being addressed. The quality of individual audit exercises may be good, but a lack of ownership of key outcomes casts doubt on the ability of the FRA to act. This is evident in reports, and in a lack of member engagement with those reports, including the Audit Findings Report.

8. This is backed up by the external auditor's finding in March 2024 that the FRA had failed to take action on certain weaknesses highlighted by audits, which should on its own have triggered immediate member action.

9. There is also no evidence that members, in signing off the internal audit plan, have had regard to the intersection between the plan and the FRA's priorities, or the FRA's most significant critical risks, and no evidence that learning from audits is used to inform the Authority's wider oversight work. The Audit and Risk Committee has at times fixated on certain issues (for example, resilience contracts) but there is no evidence that this is the result of a measured process of escalation or prioritisation.

10. In summer 2024 a significant change, between monitoring periods, to a reported underspend, was reported to the Authority. Both the FRA (by way of its main committee) and the Audit and Risk Committee should have made a formal response to this report, which should have been backed with a commitment to internal audit action.

11. This should have involved a request for urgent investigation to yield one of two outcomes. Either:

    - The change had been accurately reported, and therefore significant action was needed to understand the reason for this failure in financial governance and its implications for the service, or

- the underspend had not been accurately reported, which would have required separate, but no less significant, action on what would also have been a substantial failure in governance (especially given the report given to the Authority on the purported underspend had not, we understand, received either legal or financial clearance).

12. These (or other) options were not raised or discussed by the Committee, and there is no evidence that either the FRA itself or its Audit and Risk Committee in fact took any steps to further assure themselves on this matter.

13. Had key statutory officers had a shared understanding of the importance of this issue, and had relationships between those officers not broken down, we think it likely that the Committee would, at this point, have been more effectively supported to grip the issue.

14. Instead, an attempt was made to informally reassure members on the situation, with information on the issue shared and discussed privately.

15. It should however have been clear to all those in leadership positions at the time that this was not sufficient.

16. The opportunity to highlight underlying risks relating to these events in the Annual Governance Statement was not taken when the AGS was submitted to the Audit and Risk Committee for consideration and endorsement in the summer of 2024. Answers were given to questions asked on the subject by a member of the public, but there was not a wider discussion led by members on the issues involved. We comment on this in section 4 below on documentation.

<u>3.4.3 Risk management</u>

17. Risk is central to the business of a fire and rescue authority. The FRA's statutory Community Risk Management Plan should therefore be a document of fundamental importance to the FRA's members, used to inform the way that it prioritises its business as well as its approach to decision-making and oversight.

18. The FRA (in particular, the Audit and Risk Committee) has not used the CRMP systematically to carry out its functions. Members are passed risk information regularly but it does not appear to be used by members systematically to inform their thinking or their work. Components of the CRMP are considered regularly by various committees and by the FRA itself but the sum total of this work does not add up to a holistic, comprehensive whole.

19. Limited awareness of formal risk systems is exacerbated by unhealthy cultural norms around risk and risk management. We were told in interviews by numerous people that members on the Authority do not like to hear bad news, and that information is managed accordingly. This is reflected in the tone and content of reports and in members unwillingness to ask probing questions, evident through the minutes.

20. When bad news is presented – as has been the case at Audit and Risk – members have clearly not recognised the significance of the material that they are reading. For example in March 2024 the committee was brought information in reports from the external auditor highlighting a failure on the part of the Authority to act on previously identified risks, which resulted in no comment, questioning, or action.

21. It is our understanding that where risks and concerns were raised in 2024, this frequently happened outside meetings, and reassurance was given in the form of ad hoc (sometimes verbal) briefings, reports and other papers which do not form part of the formal business of the Authority's committee structure. This reflects what happened in the case of the change to the reported underspend, as we covered in section 3.4.2.

3.5 Structures and documentation

1. We have reviewed the constitution and associated governance documents of the Authority and considered the structure of its committees, their terms of reference and formal roles.

3.5.1 The committee structure

2. It is unusual for a fire and rescue authority of WMFRA's type to focus decision-making activity at meetings of the FRA itself. It is more normal to convene an executive committee or management committee of the FRA to undertake day to day decision-making activity.

3. This is because:

- Managing decision-making activity through a 15-person committee is challenging. It is an approach which gives the appearance of pluralism while reducing opportunity for a wide range of people to engage in reasoned debate and discussion;
- It creates the risk of conflicts of interest. At WMFRA, the committee cycle is organised in such a way that meetings of the Scrutiny Committee, Audit and Risk Committee and C&T are sometimes convened to be held on the same day as meetings of the Authority, and so how their work engages with and feeds back into the work of the Authority is not clear. We recognise that in part this is because of the operational reality of needing to focus formal Authority business on Mondays so as to assist with member diary management.

Examples of executive committees at other FRAs

The convening of an Executive Committee is a common feature in other Fire and Rescue Authorities.

- **West Yorkshire**: the Executive Committee is convened where necessary to manage business that, for reason of urgency, cannot be undertaken by the Authority or its other committees;
- **Buckinghamshire and Milton Keynes**: the Authority operates through two committees – an Executive Committee (which undertakes business other than that reserved by law to the Authority) and an Overview and Scrutiny Committee which holds the Executive Committee to account;
- **Bedfordshire**: similarly to Buckinghamshire and Milton Keynes, an Executive Committee and Overview and Scrutiny Committee operate together. The Authority underwent an independent governance review in 2022, led by the LGA.

In some areas, arrangements exist to ensure that a committee structure provides both member direction and scrutiny prior to decisions being made by the full Authority. **County Durham and Darlington** is an example of this approach.

4. WMFRA used to operate a system with a smaller executive committee. The shift to the current model was, we have been told, due in part to a perception that a number of matters for decision needed to be doubled-up – given that there is some business which can only formally be carried out by the Authority meeting together.

5. We think that this could be resolved by revisiting the Authority's wider programme to ensure that it is focused on those matters where formal member input is necessary. For the avoidance of doubt this means that new arrangements would not see existing committee business being moved wholesale into a new structural model without amendment.

6. We recognise that a move to a model such as this is not without difficulty. With a limited pool of members to pick from it is not possible to populate the committee structure, as it is currently designed, with members so as to remove the possibility of conflicts of interest. This is even the case if a smaller Executive or Management Committee were created to take forward Authority decision-making.

7. The primary focus of this change would be to ensure that the Overview and Scrutiny Committee (and to a lesser extent, Audit and Risk) are in a better position to effect challenge on decision-making, and assurance on matters such as risk and performance, without the risk of conflicts of interest that arise where they are

involved in all decision-making activity by virtue of being members of the Authority.

8. We make this recommendation because of the current lack of clarity specific to WMFRA on which bodies of the Authority do what (which we explain in more detail below) and because of our perception that – in the short term at least – it will help both OSC and Audit and Risk to be able to carry out their work with greater confidence. The proposed action should not be taken as a more general criticism of the full Authority model for decision-making operated by other FRAs.

9. Beyond the work of the full Authority. there is not the level of clarity we would expect about which of the FRA's committees and bodies do what. Particular points of uncertainty include:

- The mutual roles of the Collaboration and Transformation Committee and Scrutiny Committee are mixed; C&T was we understand established in part to assist in the transition of the FRA to Mayoral control (when it was known as Governance and Transformation). Although that has not come to pass the committee persists under a slightly different guise, but has generally been regarded as ineffective – we understand that the FRA plans to abolish it in the near future.
- There is little co-ordination between the connected duties of the Scrutiny Committee and the Audit and Risk Committee, which carry out adjacent and connected functions.
- There is confusion about who holds responsibility for financial governance, with some business being transacted at meetings of the FRA and some by the Audit and Risk Committee.

10. All of these, and other, points of confusion and uncertainty create an environment where it is highly likely that gaps will exist and failures of assurance arise. We discuss this in depth in section 3.4.2 and 3.4.3 above where we talk about financial governance and risk management.

<u>Work programming and committee business generally</u>

11. Despite our conclusion that there is little clarity on the part of members of the Authority on their fundamental role, the decision-making business transacted by the FRA does reflect the typical, strategic focus that we would expect to see in a body of its nature.

12. There is no evidence (including in minutes) of a wish to drill into operational detail over and above that which would be typical in a meeting of this type. However we consider that this is more an outcome of a historic grip on the FRA's agenda by senior officers (and to an extent previous Chairs – who may have sought to manage these operational dynamics themselves) than it is the result of a direction set by the FRA as a whole.

13. There is a tendency to take items to FRA for "information" or to note which might more usefully be considered by the Member Engagement Forum. This results in heavy agendas which crowds out those items which ought to be the subject of members' strategic focus, and reflects the tendency to wish to keep the FRA "sighted" rather than proactively involved.

14. On its own this would not be a serious problem but allied to the other governance challenges we have set out, it contributes to an environment where member leadership and direction has been superficial. In section 3.5.1 above we considered more practically how business is transacted in meetings themselves.

<u>The Constitution</u>

15. The Constitution is generally of good quality as a document (with notable exceptions around decision-making). It has been recently reviewed and is fairly accessible and navigable (compared to other similar Constitutions). We have not undertaken a detailed check on its compliance with legislation and regulatory requirements in every respect. Of course, a constitution is only valuable insofar as people conform to the rules within it, and as we have noted in the section above this has not recently been the case.

16. There are some aspects of the FRA's governance processes and systems as set out in the Constitution that would benefit from review. These include:

- Alignment of the terms of reference of the FRA and its committees. This is about introducing greater certainty as to the respective duties of individual committees, as already set out in this report. It also relates to the urgent need for greater clarity on respective responsibilities between committees, members and officers on decision-making and oversight;
- Scheme of delegation. Ordinarily the provisions in the Constitution relating the exercise by officers of delegated powers would be sufficient. Given the challenges relating to FRA-FS relations that we have already identified, improvements are needed – especially on the precise nature of member consultation, recording and reporting arrangements for delegated decisions;
- Financial thresholds for officer decision-making. Financial thresholds (including thresholds for virements) are currently set at £250,000. Consideration should be given to increasing this level, subject to the presence of more rigorous recording and reporting arrangements for decision-making[5];
- The ongoing role of Special Observers. We have not in this review considered in detail the role played in FRA business by Special Observers (for reasons set

[5] It has been suggested that a CPI escalator be built in to such an increase in thresholds – to our knowledge this is not possible, although the Authority could commit to keep thresholds under review and raise them, formally, by such a rate annually.

out below), but we note that the role and remit – including the extent of active involvement in FRA business – of these individuals should be part of ongoing review of governance arrangements. We note that the presence of these individuals is subject to a Memorandum of Understanding; for the avoidance of doubt any review of the role of Special Observers should be carried out in a way that conforms with the Memorandum of Understanding, which is why we have chosen not to undertake detailed review of this ourselves);

- Considering whether the FRA needs to put in place, and to specify, more detailed arrangements for the support of "section 41 members", in dialogue with their constituent councils;

3.5.2 The Annual Governance Statement (AGS)

17. We have mainly had regard to the process for the development and agreement of the 2023/24 AGS.

18. The consideration of this document by the Audit and Risk Committee at its July meeting was insufficient.

19. We acknowledge that the AGS was prepared with reference to the 2023/24 financial year and it would arguably not have been appropriate for it to have contained reference to the events of early 2024/25 (including the report in the previous month of the underspend). We also recognise that during 2024 the MO and Clerk wished to change the way that the AGS was developed and agreed, but that this proved impossible given the presence of the breakdown in relationships between statutory officers already mentioned.

20. Notwithstanding these caveats the judgement made in the AGS on the health of the governance framework was clearly at substantial variance with the actual governance situation, of which members cannot have been unaware.

21. At the very least this should have provoked robust questioning of relevant officers as to what more recent events revealed about the weakness of the governance framework, and whether this cast doubt on the veracity of the AGS as presented. Members asked no such questions, although questions were asked by a member of the public which elicited responses from the external auditor and officers. There is no evidence that members reflected on whether those responses provided members with the level of assurance they required.

22. The AGS itself makes no meaningful reference to the nature and quality of the review process that should have informed the content of the AGS. The content of the AGS is generic and although it draws on recommendations for improvement arising from some internal audit work, these recommendations are treated as isolated and service-specific challenges. Notably, the AGS does not engage with the critical need of the FRA to manage and oversee the risk management framework (in particular the CRMP) and does not provide assurance on the capability of the FS and FRA to collectively manage risk effectively.

CASE STUDY

Weaknesses in processes, systems and relationships: the postponement of the meeting of the Audit and Risk Committee due to be held on 21 July 2024

Although apparently minor in administrative terms the postponement of this meeting provides a good example of the degradation of the governance system during 2024 and the apparent inability of those occupying positions of authority within the FRA and FS to push back against decisions taken by individuals who have no formal power to do so.

This meeting was postponed on the instruction of the then-CEO.

The Authority's Constitution says little about the arrangements for formally convening meetings of committees of the Authority. It does say,

> "The person who has been appointed as the Chair of a Committee may cancel or change any of the details of programmed meetings of the Committee concerned. This is subject to a requirement to consult (so far as practicable) with the lead spokesperson of the main opposition group represented on the Committee."
>
> (at 12.3)

The situation is of course different when a summons has been issued. In this case, the legal process for convening the meeting in question has formally begun. "Knowles on Local Authority Meetings" (ICSA, 8th edition) says,

> "The proper officer will normally convene committee or executive meetings in accordance with the prearranged timetable and, in consultation with the committee chairman or leader, convene special meetings as circumstances may warrant."
>
> (at 10.15)

In WMFRA's case the proper officer is the Monitoring Officer.

For the avoidance of doubt, the FRA is subject to the same legal rules around the organisation of meetings as a local authority.

Knowles is silent on the postponement of meetings but in any event where the duty in convening them sits with the proper officer it strikes us that, at the very least, postponement is a decision that should be made by the proper officer in consultation with the relevant Chair, in consultation with opposition groups as required by section 12.3. Once a summons is issued, there would need to be a meaningful, substantive reason for such a postponement – ie an emergency situation which makes convening a meeting impractical – although there is no authority on this matter.

There are therefore two concerns with regard to the postponement in this case.

1. That the meeting was postponed without good reason once a summons had been issued. In our view this is moot. Postponement is clearly practically possible up to the point where the meeting takes place (once the time for the meeting to start has passed, it may be postponed if inquorate). But our expectation would be that this postponement would be owing to reasons outside the control of the committee or the FRA;
2. That the meeting was postponed on the instruction of an individual who had no legal power to do so. The proper officer was not involved in the decision. Recollections vary as to whether the Chair and other members were consulted but even if they were, the process was clearly sub-optimal. It is clear that the postponement occurred outwith the provisions in the Constitution.

We have covered this in some depth because it speaks to an issue about the ability of those with a leading responsibility for governance (including members of the FRA themselves) having a grip on the governance system itself – reflective of the broader culture of the organisation at the time and the isolation of those with a formal decision-making role (namely, the Monitoring Officer and Clerk), with their role being functionally overriden. Nobody within the system felt able to challenge or push back against the postponement, including the Chair.

On the basis of the second point it is quite clear that irrespective of the reason for a postponement (on which we make no comment) the approval of the proper officer was neither sought or given.

It should have been considered necessary for the Clerk, the MO (as proper officer) or the Chair at the beginning of the meeting, when it did happen, to note the fact of the postponement, to note the reasons for it and to further note the process undertaken to bring about the postponement in a lawful manner. While we note that the CEO did, at an extraordinary meeting of the Authority, provide his rationale for postponement, in our view this did not adequately explain or excuse the circumstances and situation described above.

When the Audit and Risk Committee did subsequently convene, there is no record in the minutes of any member of the committee or any officer highlighting or noting the postponement and any related issues. From our interviews it is clear that no meaningful assurance was sought by or given to the committee on this point at the time or subsequently – although we do understand that assurances (which turned out to be incorrect) may have been given to the Chair as to the nature and probity of the process. It remains to be seen whether the postponement had a material impact on the committee's considerations, or whether it was intended to.

NEXT STEPS

This report presents the outcome of a discovery exercise designed to identify immediate areas for change, as well as to inform the ongoing work of the Corporate Governance Improvement Board, and the Best Value review process.

We propose that the Authority considers at its next available ordinary meeting a Governance Improvement Plan, whose contents will have regard to the actions we propose in this paper. We propose that an initial draft of this Plan be developed by the Corporate Governance Improvement Board.