

Minutes of the Audit Committee

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

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

33/17 Minutes of the Audit Committee held on 24 July 2017

Resolved that the minutes of the meeting held on 24 July 2017 be approved as a correct record.

34/17 Audit Committee Update

The Committee noted the Audit Committee Update from Grant Thornton. The update focussed on progress of the audit and high level summary.

The Auditor confirmed that the Whole of Government Accounts would be completed week commencing 17 August 2017 and the Annual Audit Letter would be presented to the next Audit Committee.

Mr Richard Percival, Grant Thornton, updated the Committee on:

- The Home Secretary's Statutory Inspection Report

The inspection report into Avon Fire and Rescue Authority had been published and focused on the Authority's functions in respect of governance, and failings in leadership and culture had meant that that Avon Fire and Rescue Authority has not secured continuous improvement in the way in which is

functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Auditor felt that this was an important document for Members to read and a link to the whole document was provided.

- On the 19 July 2017 the Home Office agreed that Her Majesty's Inspectorate of Constabulary (HMIC) undergoes a major expansion to take on the role of inspectorate of fire and rescue authorities in England.
- Grant Thornton had published an Income General report to help local authorities to maximise their ability to generate income by providing:
 - Case study examples
 - Local authority spend analysis
 - Examples of innovative financial mechanism
 - Critical success factors to consider

It was noted that Kal Shoker, Deputy Treasurer, would be taking part in a Panel on the 22 September 2017.

- Grant Thornton had produced an Income Generation report and a Manifesto for a Vibrant Economy

A Vibrant Economy Index had been produced that identified six broad objectives for society; prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability and community trust and belonging.

The Members had attended a presentation at an earlier meeting of the Policy Planning Forum on the future governance of the Fire Authority. The Independent Member asked the Auditor and Internal Auditor for their views on the plans for the Audit and Scrutiny Committee of the Combined Authority or Reformed Fire Authority.

The Auditor stated that the decision would lie with whoever is charged with the governance of the fire authority and there was quite a way to go before the governance framework was in place.

Peter Farrow, Head of Audit for the Combined Authority, stated that fire didn't have representation at the moment on the Audit Committee of the Combined Authority.

It was noted that in Manchester, there was one audit committee for fire, police and the combined authority.

35/17 Corporate Risk Update

The Committee received the Position Statements for Quarters 4, 2016/17 and Quarter 1 2017/18 for each risk.

The Deputy Chief Fire Officer stated that he would be looking at a better way of presenting the information provided in the Appendices in the future.

The Corporate Risk Assurance Maps covered Quarter 4, 2016/17 and Quarter 1, 2017/18.

In Quarter 4 2016/17 there were no increases or decreases in any of the risk scores.

In Quarter 1, 2017/18 there were increases in six of the risk scores, which was described as quite dramatic, however, it was explained that the risks relating to People, Prevention, Business Continuity and Preparedness and Business Development had all increased due to the ongoing national discussions regarding the pay award and the potential withdrawal of support for the National Joint Council trials.

The Union had agreed to continue with the trials at the current moment.

Appendix 1 and 3 of the report provided the direction of travel for each risk.

Resolved that the six monthly Corporate Risk Assurance Map Summary for Quarter 4, 2016/17, Appendix 1 and Quarter 1 2017/18, Appendix 3 be approved.

36/17 **Minutes of the Pension Board held on 20th July 2017**

Mr Neil Chamberlain, Director of Commercial Services, West Midlands Police attended the Audit Committee for the first time in his capacity as Chair of the Pensions Board to present the Minutes of the Pension Board held on 20th July 2017.

Mr Chamberlain stated that the Pensions Board met every six months and this was the first full meeting he had attended. The Board had discussed its Terms of Reference and the amendments required were set out in a separate report to the Audit Committee for approval.

An Actions List formed part of the minutes and the Chair of the Pension Board had asked the Advisor to the Pension Board to provide more detail in the Risk Register to reflect the full degree of risk.

The Chair stated the Pension Board had struggled with attendance and wanted to ensure that the right people were regularly attending. An appointment process for new Members would be considered following the February 2018 meeting of the Pension Board as the three yearly appointments could be extended for further period(s) subject to re-nomination and/or election.

The Chair would undertake a skills audit of the Members of the Pensions Board to address any areas of weakness and arrange for any training required to ensure continuity, recognising that the Pension Board was fairly new. The experience gained in other sectors would also be looked at.

The minutes of the Pensions Board held on 20 July 2017 were received.

37/18 Pension Board Amended Terms of Reference

The Committee received the Pension Board Amended Terms of Reference.

The Terms of Reference had been amended in respect of the process for appointing a deputy chair, the following had been added:

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

A new Section had been added in respect of Reporting Breaches providing a formal approach to reporting breaches in broad terms, nationally and to the Regulator.

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

Resolved that the Pension Board Terms of Reference, as amended, be approved.

38/17 Pension Board Annual Report 2016/17

The Committee noted the Pension Board’s first Annual Report. The Chair of the Pension’s Board stated that the Board was fairly new and the Regulator was providing information on what the Board should be providing regularly. The Annual Report highlighted the activities of the Pension Board over the previous 12 month period, member attendance, and the Board’s main achievements. The Chair stated that the Board were still working examining the quality of the information provided by the Pension Adviser.

It was noted that the word “Committee” should read Board in respect of the Pension Board.

A process of elections would be arranged to take place during 2018.

In answer to a question about the creation of a Discretions Policy, it was agreed that further information would be circulated to Members following the meeting.

Further training for Members of the Pensions Board would be arranged during 2018.

39/17 Work Programme

The Committee noted and agreed its Work Programme for 2017/18 and that the next meeting of the Audit Committee would be on 13 November 2017.

40/17 Update on Topical, Legal and Regulatory Issues

The Treasurer informed the committee of the procurement of external audit services. The Audit Committee were informed that Grant Thornton had been awarded the biggest lot.

For the Fire Authority, Grant Thornton would be appointed as the External Auditor from the 22 September 2017 by the CFO. The contract would run for five years from 2018/19.

41/17 Update on Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

The Deputy Chief Fire Officer informed the Committee of the latest position in respect of HMICFRS.

There would be five HMICFRS Inspectors in England and over the following two months they would be preparing an inspection process that would be looking at economy, efficiency and leadership. It was noted that the Inspectors would not be looking at governance arrangements.

The Inspection of the operational aspects of the Fire Service was still being debated by the Home Office and Local Government Association (LGA) but it was noted that the fire inspection model would not be the same as the police model. The Inspectorate were currently recruiting staff and the first inspections would begin in Spring 2018.

A report setting out the full details of the Inspectorate would be presented to the Authority in the form of a presentation to the Policy Planning Forum or a Fire Authority Report as soon as further information was available.

One Member asked when the previous Inspectorate had been abolished and felt that the Service had come full circle.

It was confirmed that there had been a variety of inspection processes since the previous Inspectorate through the Office of the Deputy Prime Minister, and the Audit Commission, the Comprehensive Performance Assessment and Comprehensive Area Assessment and latterly through the LGA Peer Review process.

The Fire Service were now under the Home Office and undertaking the inspection route. Positive conversations had been had with the HMICFRS.

It was felt that previous inspections had been more about how a fire service looked than how it had performed

The HMICFRS would not be looking at governance as they did not see this as part of their role, but if the Inspectors felt there was a problem with governance they would ask the LGA to assist and the situation in Avon Fire and Rescue was given as an example, where the National Fire Chief's Council were working with the LGA and Members of the Authority.

(The meeting ended at 1257 hours)

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