

## Minutes of the Audit and Risk Committee

4 September 2018  
at Fire Service Headquarters, Vauxhall Road,  
Birmingham B7 4HW

**Present:** Councillors Jenkins (Vice Chair), Dehar, Iqbal, Jenkins and Mr Ager (Independent)

**Apology:** Councillor Miks, (Chair), Councillor Craddock, Mr P Farrow, DCFO P Hales

All Members of the Committee and Officers in attendance introduced themselves as most Members were new.

### **42/18 Declarations of Interest in contracts or other matters**

There were no declarations of interest.

### **43/18 Minutes of the Audit and Risk Committee held on 23 July 2018**

**Resolved** that the minutes of the meeting held on 23 July 2018 be approved as a correct record.

### **44/18 Corporate Risk Update**

The Chair agreed to bring this item forward on the Agenda as the Clerk, who was presenting the report, was required to attend another meeting.

In the absence of the Deputy Chief Fire Officer, the Clerk to the Authority presented the six monthly Corporate Risk Update. The Update covered Quarters 4 2017/18 and Quarter 1 2018/19.

The report included the Corporate Risk Assurance Map Summary and the Position Statement for Quarter 1 2018/19.

In accordance with the Services risk management strategy, the Corporate Risk Assurance Map Summary was submitted for approval by the Audit and Risk Committee following its submission and discussion at the Corporate Performance Review Meeting.

Corporate risks are those risks which if they occurred would seriously affect the Authority's ability to carry out its core function or deliver its strategic objectives as set out in the Plan. At the time of the meeting, the Service maintained 9 corporate risks, some of which had more than one element.

Each corporate risk was assigned to a Risk Owner, who was a member of the Strategic Enabling Team. The Risk Owner had the overall responsibility for monitoring and reviewing the progress being made in managing the risk.

To enable for effective risk management, the Risk Owner would have periodically undertaken an assessment of each corporate risk. The frequency of this review would be based upon the estimated risk rating undertaken based on likelihood of impact. The likelihood was a measure of probability of a given risk occurring using a scale of 1 (low) to 4 (high). The impact was a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

To ensure that Members are kept informed of corporate risk matters a Corporate Risk Assurance Map Summary for Quarter 1 2018/19 (Appendix 1) and the Position Statement for Quarter 1 2018/19 (Appendix 2) were included.

In undertaking a review of corporate risks, the Risk Owner had reviewed the Corporate Risk Assurance Map. The Assurance Map provided details of:

- The strategic objectives and performance indicators relevant to the risk.
- The risk scores

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

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

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

During the six months (Quarter 4 2017/18 and Quarter 1 2018/19) there had been an increase in the risk scores for Corporate Risk 9, Business Development, 9.1 and 9.2. Officers are unable to provide assurance for these risks.

The Position Statement attached as Appendix 2 to the report provided the detail of the risk management activity undertaken or ongoing in respect of the Authority's 9 Corporate Risks for the six months (Quarter 4 2017/18 and Quarter 1 2018/19).

Corporate Risks 1.1, 1.2, 2.3, 4.1, 5.2, 8.1 and 8.2 were awarded a green confidence (substantial) opinion, which is the highest level that can be awarded. Corporate Risk 1.2 increased from 6 to 9, with likelihood being increased from 2 to 3.

- Corporate Risks 2.1, 2.2, 3.1, 3.2, 5.1, 6.1, 7.1 and 7.2 were awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- Corporate Risks 9.1 and 9.2 were awarded a red (high risk) confidence opinion. Both the likelihood and impact of Corporate Risk 9.2 had increased from 3 to 4 giving an overall risk score of 16. Work is in progress for these to be reduced.

### Position statements

Corporate Risk 1 – External (Political and Legislative) Environment - little movement, generally performing effectively. The governance transfer was planned for April 2019.

Corporate Risk 2 – People – risk owner is confident that progress is being made in relation to the resolution of the Trade Dispute.

The risk owner anticipates that the Trade Dispute will be resolved in the 2<sup>nd</sup> Quarter and anticipated reducing the likelihood from 4 to 3.

Corporate Risk 3 – Prevention – currently unclear what the impact of the Trade Dispute and withdrawal from the falls response contracts will be on this risk. Initial feedback from one of the commissioners (City of Wolverhampton-Council) has not been positive and there has been some reputational damage.

Corporate Risk 4 – Protection – due to an unpredictable and unforeseeable increase in demand, the Team have not met the statutory consultation timescales of 15 days for some building regulations consultations. Associated risk could lead to opportunities being missed to ensure buildings following development or refurbishment are compliant with legislative requirements and safe when occupation. Officers are looking at capacity and redirection of resources.

Corporate Risk 5 – Response – high level of fleet availability remains consistent although this continues to be enabled through the payment of non-evidence based disturbance allowance payments which will become more challenging to maintain as a result of withdrawal from health-related activity. The high level of fleet availability means that WMFS continues to achieve some of the best ever attendance times to Category 1 incidents.

Corporate Risk 6 – Business Continuity and Preparedness - a gap analysis is underway following the publication of the Kerslake Report. An independent review into the preparedness will identify best practice and areas for improvement both internally as part of business continuity arrangements and as part of the multi-agency West Midlands Local Resilience Forum.

Corporate Risk 7 – Information, Communications and Technology – Virtual Device Infrastructure terminals have replaced desk top computer replacements at several locations. The majority of organisational data will be held in cloud storage and will build on efficiency and effectiveness.

Corporate Risk 8 - Finance and Assets – for 2018/19, the use of general balances is required together with a review of the Authority’s Strategy to ensure the 2019/20 budget and beyond can be set in a balanced manner.

The External Auditors commented in the Audit Findings Report that the continued use of balances is not sustainable and their view is that the Authority should look at significant funding alternatives or service reductions before the anticipated transfer to WMCA.

Corporate Risk 9 – Business Development - On 6 June 2018 the Executive Committee resolved the removal of New Entrant contracts in order to avoid industrial actions by Grey Book staff.

At the time of the meeting, WMFS officers were liaising with Commissioners to identify options for withdrawal from contracts.

The Authority would be looking at options to deliver the savings that were anticipated through that activity.

The Appendices set out in the report provided more details of the additional control measures to be put in place.

The Independent Member stated that the overview showed a higher position since the previous six monthly report.

Members thanked Officers for producing a very comprehensive report.

**Resolved** that the Audit and Risk Committee approved the Corporate Risk Assurance Map Summary (Quarter 1, 2018/19, Appendix 1) be approved.

Members noted the Position Statement (Quarter 1, 2018/19, Appendix 2) for each risk.

#### **45/18 Annual Audit Letter 2017/18**

The Audit Committee received and noted the Annual Audit Letter 2017/18 (AAL). In line with the Code of Audit Practice, the Auditor is required to produce a letter at the end of the audit and it is intended to communicate key messages to the Authority and external stakeholders including members of the public.

The key messages included the financial statements audit, (including audit opinion) the Value for Money Conclusion and the Audit fees charge for audit and non-audit services and titles and dates of when reports had been issued.

The Audit Findings Report had been presented to the Audit Committee on 23 July and outlined the findings of the audit work undertaken.

Following the meeting on the 23 July 2018, the auditor had issued an unqualified opinion on the Authority's 2017/18

financial statements included in the Authority's Statement of Accounts.

As part of the external audit work programme, the auditor was also required to provide a value for money conclusion.

As a consequence of this work the audit concluded that for 2017/18, the Authority had proper arrangements in all significant respects to secure economy, efficiency and effectiveness and to ensure it delivered value for money in its use of resources.

The final fees charge for the audit and provision of non audit services was £38,636.

The Auditor stated that WMFS had a strong record of delivery of its accounts and he appreciated the early delivery and efficiency of the Financial Management team.

The Auditor thanked the Authority and stated that two key risks had been identified, the move to WMCA Governance Arrangements and the Budget Strategy arising from the impact of the withdrawal of contracts had created a financial gap that the Authority needed to address.

#### **46/18 Audit Committee Update**

The Committee noted the contents of the Audit and Risk Committee update. The Update included a summary of emerging national issues and developments that may be relevant to the Fire and Rescue Authority. The External Auditors progress to date was reported and the key dates were set out in the report.

Members attention was drawn to the following Sector Issues:

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service had extended its remit in July 2017 to include inspections of England's fire and rescue service. They carried out three pilot inspections in Staffordshire, Suffolk and West Yorkshire. Their report set out what had

been learned from the inspections and learning from public and sector consultations.

The three pilot areas allowed HMICFRS to gain an understanding of three governance arrangements for fire and rescue services and during the pilots, inspection teams had spoken to ten percent of the frontline workforce of each service.

### National Fire Chiefs Council News

The NFCC had submitted its response to the Hackitt Review following a call for views. The NFCC were supportive of many of the recommendation, it would like to see it moving quickly forward.

The key points in the NFCC response were:

Widening the definition of Higher Risk Residential Buildings (HRRB) with an aim to move toward an 11 metre limit and to cover other buildings based on vulnerability of occupants. The government should commit to a specified time frame and extend the recommendations to other parts of the sector.

Support for the principle of a strengthened regulator, with a developed Joint Competency Authority setting standards.

The gap between the Housing Act and Regulatory Reform (Fire Safety) Order is one of the biggest problems in the current landscape which must be resolved, through primary regulation

Competence remains one of the most important aspects across the sector and is a common thread through the majority of issues highlighted. This is a key issue across every role and scheme.

Support for the proposals on product testing, including a robust testing programme, better market surveillance and greater transparency on passes and failures recorded.

Sprinklers should be a requirement in all new builds above 18 metres, and retro-fitted in existing buildings 30 metres and above.

Members found the update useful and the Vice Chair stated that Birmingham City Council were passionate about this subject and eagerly looking at fitting of sprinklers, but was dependent on budget and policy decisions.

#### **47/18 Topical, legal and regulatory issues**

There were no issues to be reported. An update was provided on Corporate Risk 4 – Protection following the meetings and is set out below.

#### **Response**

*The Planning and Building Regulations Team, based at Fire Service HQ, reduce risk to the community by responding to Building Regulation application consultations submitted to this Authority by Building Control bodies. The consultations are undertaken in line with Building Regulations and Fire Safety Procedural guidance 2015, as a statutory consultee, under; the Building Act 1984, the Building Regulations 2010 and The Regulatory Reform (Fire Safety) Order 2005. The Building Regulations and Fire Safety Procedural guidance 2015 allows 15 working days for a response to the consultation from Building Control.*

*Collaborative working with Local Authority Building Control Teams and Approved Inspectors is undertaken to ensure Building Regulation applications for new and existing building works are compliant with the functional requirements of part B (Fire Safety) of the Building Regulations and will also meet the requirements of The Regulatory Reform (Fire Safety) Order 2005 when the building is occupied. The Building Regulation application can vary from simple buildings all the way through to highly complex buildings with fire engineered solutions which, in these cases, are reviewed by our Fire Engineering Team.*

*Overall this gives the Fire Service an opportunity to ensure safer buildings for occupants and firefighters, even before they are occupied and avoid any unnecessary delays or costs that may be incurred to meet the requirements of The Regulatory Reform (Fire Safety) Order 2005 once the building is occupied.*

*Due to an increase in Building Regulation applications, the complexity of applications and staffing issues within the team, not all applications were being completed within the 15 working day period. Due to this there was a possibility that recommendations on changes outside the 15 day period may not be considered and buildings are occupied where fire safety measures may not be to the required standards.*

*Following instigation of mitigation measures the identified corporate risk has been resolved and will continue to be monitored and reviewed as part of the routine performance management process.*

The Auditor agreed to make details in the Audit Letter clearer in the future and would avoid any Jargon. Members indicated that they found the language complex at the last Audit and Risk Committee and confusing and requested additional information and training.

It was agreed that additional audit and risk training would be provided at a future meeting.

It was also agreed that name plates would be provided for future meetings.

#### **48/18 Work Programme**

The Committee noted its Work Programme.

The meeting finished at 1330 hours.

Julie Connor  
Strategic Hub  
0121 380 6906