

Minutes of the Audit and Risk Committee

6 December 2021 at 12.00 hours

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

- Present:** Councillor Catherine Miks (Chair), Councillor Padda, Councillor Barrie
- Virtually:** Councillor Miller, Councillor Spence, John Mathews (Internal Audit), Avtar Sohal (Grant Thornton)
- Officers:** Gary Taylor, Mike Griffiths, Satinder Sahota, Kal Shoker, Paul Gwynn, Karen Gowreesunker, Phil Fellows, Stephen Timmington and Kirsty Tuffin.
- Observers:** Alan Tranter and Adam Harper.

43/21 **Apologies for Absence**

Apologies for absence were received from Mr Ager due to technical issues.

44/21 **Declarations of Interest**

There were no declarations of interest registered.

45/21 **Minutes of the Audit and Risk Committee held on 27 September 2021**

Resolved:

1. That the minutes of the previous meeting, held on 27 September 2021, be approved as a correct record of proceedings, subject to Councillor Padda's name be amended.

46/21 **Treasury Management Mid-Year Review 2021-22**

Kal Shoker, Finance Manager, presented the Treasury Management Mid-Year Review 2021-22 report that outlined the performance of the Treasury Management function of the Authority in the current financial year.

The Committee were advised that the Authority approved the strategy for its treasury management in February 2021 and the Authority had been required to produce a mid-year review report

on activities. The 3 key treasury management indicators highlighted were:

1. Capital Expenditure
2. The Authorities Debt
3. The Authorities investment

The Committee were advised that the Authority approved a £7.8m capital programme for the current financial year at its meeting in February 2021. This had been updated and reflected the outturn position and financing decisions for 2020/21. This increased the capital programme to £8.1m, which was reported at the October Authority meeting. The forecast outturn as at 30th September for 2021/22 was £6.8m, a variance of £1.3m.

The main reason for the variance within the capital programme in the current year related to:

- Vehicle Replacement Programme (£0.750m) – delayed purchase of a number of vehicles slipping into 2022/23.
- Roof replacement at Transport Engineering Workshops (£0.500m) had been delayed due to the need to retender.

Kal Shoker advised the Committee that the Authority's total external debt as at 30th September 2021 had been £31.9m of which £29.7m had been in respect of borrowing undertaken with PWLB and the balance £2.2m had been in respect of the Authority's share of the Existing WMCC debt.

As at 30th September 2021 the Authority's investments totalled £57.9m which were invested with Sandwell MBC as part of the treasury management arrangement between them and the Authority.

Interest received on our investments ~~and~~ was based on the average return achieved by Sandwell MBC plus 10 basis points. However, the interest to be received this financial year would be less than the £1m budget, and performance for the year to date was estimated to be £0.050m below budget.

Resolved:

1. That it be agreed that the Treasury Management Mid-Year Review 2021-22 report be noted.

2. That it be agreed that the prudential and treasury indicators be approved.

47/21 **Corporate Risk Report**

Gary Taylor, SIRO – Assistant Chief Fire Officer, presented the Corporate Risk Report that outlined all aspects related to the management of the Authority's Corporate Risks, over a 6month period, covering Quarter 1 and Quarter 2.

The Committee were advised that the service maintained 8 corporate risks, each assigned to a member of the Strategic Enabling Team (SET), as a risk owner, who would be responsible for monitoring and reviewing progress made in managing the risk. Each risk had been categorised and scored against the likelihood that the risk could occur and the impact that would have. The key changes to each highlighted were:

- The risk score for risk 5.2, as per report, had been increased from 9 in quarter 1 to 12 in quarter 2. This increased because the Command-and-Control System, Vision 4, upgrade had been delayed. It had been anticipated that the upgrade would be live by Capita in the new year.
- The risk score for risk 7.1, as per report, had been increased from 6 to 9 for both quarter 1 and 2. The risk had been increased due to a failure in the mobilisation system that resulted in Fire Control to be moved to a second Fire Control unit. A further review and test of the system would take place. Business continuity arrangements had been in place.
- The risk score for risk 4.1, as per report, had been decreased from 6 to 4 converting the confidence level from amber to green for both quarter 1 and 2. The risk had decreased due to increased capacity within the testing team and increased frequency of testing of water hydrants.

The Committee were advised that, as per appendix 2, risk 6.1 (Business Continuity and Preparedness) had been highlighted red due to the impact of possible industrial action by green book workers. A ballot had been circulated to green book members by unions on possible strike action over its pay agreement.

Following queries on the impact of supplies to IT equipment/chip shortages, the Committee were re-assured that although the

service had slowed down the replacement process of equipment, initial software had not been impacted. The management of radios used by the service had been managed centrally so had also not been impacted.

Following the Chair of the Committee query on the move to a new system and a delay in some payments to pensions, Paul Gwynn, Payroll and Pensions Manager, re-assured the Committee that the new system had transferred tax details from the old system however, a small number of pensions had been paid incorrectly as the incorrect tax amount had been deducted. The majority of cases affected had been paid the correct amount of the same day however, a select few would receive any outstanding amount in January 2022.

Resolved:

1. That it be agreed that the Corporate Risk Summaries for Quarter 1 and Quarter 2, be approved.
2. That it be agreed that the management of corporate risk through and emerged from the business continuity arrangements be noted.

48/21 **Vacant Residential Properties Update**

Mike Griffiths, (WMFS) Section 151 Officer, presented the Vacant Residential Properties update report that provided the Committee with an update on the current position related to vacant residential properties.

The Committee were advised that across the following sites, there were 17 vacant properties:

- Kings Norton – 6 flats (currently being sold), 4 houses
- Perry Barr – 6 houses
- Bloxwich – 2 first floor apartments
- Erdington – 5 flats

With reference to diagram pictures, as per report, each location and surrounding area were explained to the Committee. Discussions had been held with property agents for each site, with the exception of the vacant flats in Kings Norton that were in the process of disposal. Feedback from the property agents outlined to the Committee were:

- Kings Norton – sale of the houses would not be viable due to access/parking/security. Letting of the properties would be viable if the properties were refurbished. However, the estimated cost of refurbishment would be £120k and so the draw on the Authority's limited capital resources and on management resources required to manage such an arrangement made this option unattractive.
- Perry Barr – sale of houses was not recommended due to location of dwellings. Letting of the properties would be viable if the properties would be refurbished. However, the estimated cost of refurbishment would be £300k and so the draw on the Authority's limited capital resources and on management resources required to manage such an arrangement made this option unattractive.
- Bloxwich – sale of the houses would not be viable due to the flying freehold. Letting of the properties would not be viable due to access, parking and lack of security.
- Erdington – The sale or letting of the properties would not be viable due to location, access and lack of security.

Following queries on the secured tenants at the Kings Norton site and the use of the area the committee were advised that if residents of the other 7 properties in the area wished to move, appropriate housing would need to be provided to them and further opportunities for the site could be investigated. It was agreed that Mike Griffiths would contact the secure tenants regarding potential relocation, if it was deemed appropriate.

The Committee were advised that planning permission had been obtained to separate the houses on the Perry Barr Station site away from the station and provide access to the rear. However, the Housing Association at the rear of the station had refused consent for vehicular access for the properties. It was agreed that the Chair of the Committee and Mike Griffiths would discuss the options the authority had following the Housing Associations refusal for vehicle access. It was agreed that an update on the vacant properties be brought to a future Audit and Risk Committee.

Resolved:

1. That it be agreed that the Vacant Residential Properties Update report be noted.
2. That it be agreed that the Chair of the Committee and Mike Griffiths would discuss the options the Authority had following the Housing Associations refusal for vehicle access to the properties in Perry Barr.
3. That it be agreed that Mike Griffiths would contact the secure tenants at the Kings Norton Station site regarding potential relocation, if it was deemed appropriate.
4. That it be agreed that an update on the vacant properties be brought to a future Audit and Risk Committee.

49/21 **Whistleblowing and RIPA 2019-2020 & 2021-22**

Satinder Sahota, Monitoring Officer, presented the Whistleblowing and RIPA 2019-2020 & 2021-22 report that outlined (if any) whistleblowing allegations reported through the Whistle Blowing Policy for the periods 1 April 2019-31 March 2020 and 1 April 2020 – 31 March 2021.

The Committee were advised that between the period of 1 April 2019-31 March 2020, no whistleblowing allegations were received. Between the 1 April 2020 – 31 March 2021, 1 case had been received that resulted in a formal investigation. This case had now been resolved and all relevant parties had been made aware of the resolution. During both periods, no requests had been made to commence a RIPA authorisation under the Regulation of Investigatory Powers Act 2000 by the service.

Resolved:

1. That it be agreed that during the period of 1 April 2019 – 31 March 2020 no whistleblowing allegations were reported through the Whistle Blowing Policy, be noted.
2. That it be agreed that during the period of 1 April 2020 – 31 March 2021, 1 whistleblowing allegation had been reported through the Whistle Blowing Policy, be noted.
3. That it be agreed that during both periods, no requests had been made to commence a RIPA authorisation under the Regulation of Investigatory Powers Act 2000 by the service, be noted.

4. That it be agreed that the content of the Whistle Blowing Standing Order 2/20 (appendix 1) and the Management of Information Framework, Standing Order 1/5 (appendix 2), be noted.

50/21 **Internal Audit Progress Report**

John Mathews, internal auditor, presented the Internal Audit Progress Report that outlined the issues raised from the work undertaken by internal audit so far in the current financial year.

The Committee were advised that, as per issues arising within appendix 1, since the publication of the report, the outstanding action plan for environmental targets had been received. The final report had been issued and the service had been in a good position for its environmental Protection targets. A key member of staff responsible for implementing the actions had left the Service therefore, internal auditors would follow up on the agreed actions as part of the 2022-23 Internal Audit Plan. Re-assurance was provided that an absence process had been in place that focused upon individual efficiency and ensuring that members of staff return to work safely. It was agreed that information be brought to Committee on the member of staff who left and the delay this had caused in the delivery of actions. The Management of fuel could be marked off.

The Committee were advised that a training session on Fraud Awareness would be provided in March 2022.

Resolved:

1. That it be agreed that the Internal Audit Progress Report be noted.
2. That it be agreed that information be brought to Committee on the member of staff who left and the delay this had caused in the delivery of actions.

51/21 **Pension Board Minutes – 8 September 2021**

Kal Shoker provided an overview of the Pension Board Minutes for the meeting that took place on 8 September 2021, highlighting sections on Remedy.

Resolved:

1. That it be agreed that the Pension Board Minutes – 8 September be noted.

52/21 **Update on Topical, Legal and Regulatory Issues (Verbal Report)**

Paul Gwynn, Payroll and Pensions Manager, provided a verbal update to Members of the Committee on the position with Immediate Detriment. The Committee were advised that since the last Audit and Risk Committee that took place on 27 September 2021, the Home Office guidance on Immediate Detriment had been withdrawn, with immediate effect.

The Committee were advised that as a result of this withdrawal there would be a risk to the Service both legally and financially if it continued with its current approach. It was hoped that guidance would be issued from the Local Government Association and National Fire Chief Council (NFCC) the week commencing 13 December 2021. Following the withdrawal of the Home Office Guidance, the service had sought legal advice, corresponded with other Fire Services and the NFCC and recommended to Committee that the Authority:

1. Pause and review the criteria for processing Immediate Detriment affected pension claims. For clarity, this meant not agreeing to settle any new retirement notifications in line with the previously agreed guidance from Audit and Risk Committee. This pause would allow the Authority to consider:
 - Pending legal advice from the LGA (Local Government Association) and NFCC (National Fire Chief Council).
 - Any further guidance from the Home Office and/or the Treasury.
2. Continue to process any current retirements in line with the agreed process at the time. For clarity, this meant all

pension claims that are currently being processed (including current retrospective claims).

3. Not process any new retrospective retirement pension claims related to Immediate Detriment until point 1 above is resolved.

Satinder Sahota, Monitoring Officer for the Authority, advised that the service needed to identify the scope on potential legal challenges that could be received. It was agreed that Satinder Sahota would work with Members of the finance team to identify (if any) the tax implications associated with the above recommendation.

Resolved:

1. That it be agreed that the following recommendation be agreed:
 1. Pause and review the criteria for processing Immediate Detriment affected pension claims. For clarity, this meant not agreeing to settle any new retirement notifications in line with the previously agreed guidance from Audit and Risk Committee. This pause would allow the Authority to consider:
 - a. Pending legal advice from the LGA (Local Government Association) and NFCC (National Fire Chief Council).
 - b. Any further guidance from the Home Office and/or the Treasury.
 2. Continue to process any current retirements in line with the agreed process at the time. For clarity, this meant all pension claims that are currently being processed (including current retrospective claims).
 3. Not process any new retrospective retirement pension claims related to Immediate Detriment until point 1 above is resolved.
2. That it be agreed that Satinder Sahota would work with Members of the finance team to identify (if any) the tax implications associated with the above recommendation.

53/21 **Audit and Risk Committee Work Plan 2021-2022**

Karen Gowreesunker presented the Audit and Risk Committee Work Plan for 2021-2022 that outlined the planned agenda items for future scheduled Audit and Risk Committee meetings.

The Committee were advised that following the cancellation of October's meeting, items had been moved forward on the work plan accordingly. It was agreed that John Mathews would advise Members of the Committee as to whether the Fraud Awareness training session delivered by an external company would be conducted virtually in March 2022.

Resolved:

1. That it be agreed that the Audit and Risk Committee Work Plan 2021-2022 be noted.
2. That it be agreed that John Mathews would advise Members as to whether the Fraud Awareness training session, due to take place in March 2022, delivered by an external company, would be conducted virtually.

The meeting closed at 13:40 hours.

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