

West Midlands Fire and Rescue Authority

Audit and Risk Committee

You are summoned to attend the meeting of Audit and Risk Committee to be held on Monday, 28 November 2022 at 14:00

**At Fire Service Headquarters, 99 Vauxhall Road, Nechells, Birmingham B7 4HW
and digitally via Microsoft Teams**

for the purpose of transacting the following business:

Agenda – Public Session

Item No.

1	To receive apologies for absence (if any)	
2	Declarations of interests	
3	Minutes of the Audit and Risk Committee Meeting held on 26 September 2022	5 - 16
4	Request for a Decision on Action to be Taken in Respect of Immediate Detriment ('Reverse Detriment') Cases under the McCloud/Sargeant Ruling	17 - 20
5	Corporate Risk Update	21 - 40
6	Audit Findings Report 2021-2022 [Please note: A supplementary appendix that was not readily available for publication has been added].	41 - 66
7	Treasury Management Mid-Year Review 2022-2023	67 - 82
8	Supplementary - Internal Audit Progress Report [Please note: supplementary documents have been added that were not readily available for publication].	83 - 90
9	Regulatory Supervisory Report - Update	91 - 98
10	Annual Report of the Pension Board 2021-2022	99 - 110
11	Minutes of the Previous Pension Board held on 28 March 2022	111 - 116

12	Minutes of the Previous Pension Board held on 10 June 2022	117 - 118
13	Update on Topical, Legal and Regulatory Issues (Verbal Report).	
14	Audit and Risk Committee Work Plan 2022-2023	119 - 126

Distribution:

David Barrie - Member, Rizwan Jalil - Vice Chair, Catherine Miks - Chair, Peter Miller - Member, Sybil Spence - Member

This meeting of the West Midlands Fire and Rescue Authority will be held at Fire Service Headquarters. However, please note that although the meeting will be open to the public, there will be limited capacity due to ongoing social distancing measures.

The meeting will also be held digitally via Microsoft Teams allowing observers to access remotely. To access the meeting, please contact a member of the Strategic Hub, West Midlands Fire Service, who will be able to provide login details (please note that Microsoft Teams is not required to join a meeting) or provide guidance if you wish to attend in person at HQ.

Clerk Name:	Karen Gowreesunker
Clerk Telephone:	0121 380 6678
Clerk Email:	Karen.Gowreesunker@wmfs.net

Agenda prepared by Kirsty Tuffin
Strategic Hub, West Midlands Fire Service
Tel: 0121 380 6906 email: kirsty.tuffin@wmfs.net
This agenda and supporting documents are also available
electronically on the
[West Midlands Fire Service Committee Management Information](#)
[System](#)

Minutes of the Audit and Risk Committee
--

26 September 2022 at 12:00 hours

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

Present: Councillor Miks (Chair), Councillor Spence, Councillor Waters
and Councillor Greg Brackenridge

Virtually: Councillor Miller, Peter Farrow (Internal Audit), Satinder
Sahota.

Officers: Gary Taylor, Kal Shoker, Kirsty Tuffin, Mike Griffiths, Paul
Gwynn and Tom Embury

Observers: Alan Tranter, Member of the Pensions Board,

83/22 **Apologies for Absence**

Apologies for absence were received from Councillor Barrie,
substituted by Councillor Vera Waters.

84/22 **Declarations of Interest**

There were no declarations of interest registered.

85/22 **Minutes of the Audit and Risk Committee held on 06 June
2022**

Resolved:

1. That the minutes of the Audit and Risk Committee held on 06
June 2022 were approved as a correct record.

86/22 **Minutes of the Audit and Risk Committee held on 18 July
2022**

Mike Griffiths, Section 151 Officer, advised the Committee that
as per item 89/22 of the minutes of the previous meeting, that he
wished to make a point of clarity that the West Midlands Fire
Services Pensions Administration Team had not been
responsible for the issues discussed at the last meeting.

Resolved:

1. That the minutes of the Audit and Risk Committee held on 18 July 2022 were approved as a correct record.

87/22 **Approach to be Taken in Respect of Immediate Detriment Cases Under the McCloud/Sargeant Ruling**

Mike Griffiths presented the Approach to be Taken in Respect of Immediate Detriment Cases Under the McCloud/Sargeant Ruling report that outlined the proposed approach by the Scheme Administrator for the processing of Immediate Detriment cases.

The Committee were advised that following the decision by Audit and Risk Committee to lift the pause in processing Immediate Detriment cases on the 6 June 2022, a staged approach to implementing the changes was recommended, as outlined within the report.

Members who are currently active and who have membership within the legacy period, (1st April 2015 to 31st March 2022), known as Category 1 members, would be offered a choice of benefits aligned to the arrangements set out in the Memorandum of Understanding (MoU) agreed between the LGA and the FBU on 8th October 2021.

It was aimed to process Members known as Category 2 members, who left the scheme after 1st April 2015 and before 30th June 2022, with service during the legacy period and who have already submitted a claim for remedy under the terms of the MoU, need to be processed by 31st December 2022, prioritised based on the date a claim was made, dealing with the earliest claim first and working through all subsequent claims. There were 15 members in this category. There was also one member who retired on health grounds who would be included within this group. This member would be given priority.

Work would need to be undertaken by the Pensions Team relating to Category 2 members who had not yet submitted a claim for remedy. This would involve setting out a statement for the Members, detailing the benefits due and the payments required, to return their service to their previous pension scheme, by 28th February 2023. Members would have 6 months

to respond to this statement. On receipt of a response, the Scheme Administrator would process the benefits of the affected member in line with their response, prioritised based on the date a claim was made, dealing with the earliest claim first and working through all subsequent claims. There were 37 members in this Category.

Due to the significant resource required to progress the Immediate Detriment cases, two additional members of staff had been recruited and were due to join the Pensions Administration Team in October and November 2022.

The Chair of the Authority advised that he had a non-pecuniary interest due to being a member of the Firefighters Pension Scheme(s). He advised that West Midlands Fire Service had been the first to remediate the decision on Immediate Detriment cases following the court ruling in favour of the FBU case. He appreciated the anxiety that this had caused individuals however, the implementation of this decision would take time. The pension team had been working overtime on this issue and he had been grateful to all those involved.

Members of the public in attendance were asked if they wished to voice their concerns. Alan Tranter, Member of the Pensions Board, expressed his concerns on the affects this had on individuals and their incomes and lack of planning for additional resources to process payments. Members of the public also took the opportunity to express their frustrations and worries on the situation and the lack of communication. Following discussions on four cases not receiving their pension forecast within the desired timeframe, Paul Gwynn, Payroll and Pensions Manager, advised the Committee that the delay in these cases had been the result of one employee being off due to ill health. This had now been picked up and work was underway to deal with this. He confirmed that the members would have received their pay on Friday 23 September and a statement would be issued within 7-10 days of leaving the service as the benefit entitlement had to be produced using the most up-to-date wage slip.

Following concerns raised by members of the public on the February 2023 timescale for Category two cases, the Chair of the Authority sympathised with those affected. He advised that

although he appreciated the timescales were not what members wanted to hear, the Audit and Risk Committee had been the first to take the decision to pay those affected as the service did not want to discriminate against its employees. The money to fund this would be taken out the service's reserves as the Government had not confirmed who would be funding remedy. The other option is to await changes to government legislation, that was not due to be published until October 2023. This would delay the processing of these cases until at least February 2024 so although February 2023 had not been desirable it would be processed as soon as possible. He expressed the view that employees were the service's priority and additional members of staff had been employed to assist and process the cases as soon as possible.

Alan Tranter endorsed the Chair of the Authority's comments and expressed concerns if the timings were not met in February 2023. The Chair of the Committee advised that pension scheme members would be kept up to date, following the members of the public desire to be kept informed and receive relevant communication. She advised that an Independent Investigation would be taking place into issues with the pension scheme in 2022 and would be looking into areas of improvement and would seek the views of representatives. Should members of the public wish to email Councillor Miks to highlight issues experienced then she would ensure this was passed onto the relevant officers.

Resolved:

1. That the proposed approach, as per section 5 of the report, by the Scheme Administrator be approved.

88/22 **CIPFA Audit and Risk Committee Update No.36**

Please note: it was agreed to amend the ordering of the agenda to allow for the CIPFA update No.36 to be discussed earlier, due to prior commitments of the Internal Auditors. It was agreed that the report could be discussed in the public domain as the appendix had been made exempt due to copyright issues.

Peter Farrow, Internal Auditor, presented the CIPFA Audit and Risk Committee Update No.36 that outlined the new CIPFA

Guidance on Audit Committees in Local Authorities and Internal Audit and provided a quarterly update on new developments/guidance members need to be made aware of. Internal auditors would follow this guidance to ensure the authority is following best practice. Members were advised that should they wish to participate in any training courses/seminars than to contact Peter Farrow who would look into this further.

Resolved:

1. That the CIPFA Audit and Risk Committee Update No.36 be noted.

89/22 **Statement of Accounts 2021-2022**

Mike Griffiths, Treasurer, presented the Statement of Accounts 2021-2022 report that outlined draft statement of accounts (unaudited) and a draft summary of the statement of accounts.

The committee were advised that Kal Shoker, Finance Manager, had provided training on the Statement of Accounts to Members of the Committee in June 2022. Since this, as per the balance sheet within the report, there had been movement within the reserves and general balances had decreased by £2m to £3.8m. The earmarked reserves had also decreased by £7m to £29.8m.

The Committee were advised that the Statement of Accounts were unaudited, and the final audited version would be brought back to Committee for final sign off.

Resolved:

1. That the draft Statement of Accounts for 2021-2022 (unaudited), as per appendix A, be approved.
2. That the draft Statement of Accounts summary for 2021-2022, as per appendix B, be noted.

90/22 **Treasury Management – Annual Report – 2021-22**

Kal Shoker, Finance Manager, presented the Treasury Management – Annual Report – 2021-22 that outlined the treasury activity during 2021-2022 and the actual prudential indicators for 2021-2022.

The Committee were advised that as the report had been deferred from July's Committee meeting, some of the content on the economy and interest rates within the report had been historical and any changes would be reflected within the mid-year review for 2022-2023.

The Committee were advised that following the Treasury Management strategy approval in February 2021 there were three activities that needed to be highlighted:

Firstly, Capital Expenditure had been £3.1m funded by revenue contributions. The largest spend had been the Vehicle Replacement Programme at £2.3m, £185k on rewires and £138k on boiler replacements. No borrowing had been undertaken to finance any capital expenditure in 2021-2022.

Secondly, as at 31st March 2022 the Authority's total external debt had been £31.5m. The value of long-term assets held by the Authority as at 31st March 2022, which the loans have helped fund was £154.5m. The average rate of interest payable on this debt had been 5.24%.

Finally, as at 31st March 2022 the Authority's investments totalled £33.5m which were invested with Sandwell Metropolitan Borough Council (MBC) as part of the treasury management arrangement the authority had with them. Interest had been received on the Authority's daily cash balance and was based on the average return achieved by Sandwell (MBC) plus 10 basis points which for 2021/22 was 0.16%. This compared favourably to the benchmark, the SONIA (Sterling Overnight Index Average) uncompounded rate of 0.1355%.

Resolved:

1. That the treasury management – Annual Report 2021-2022 be noted, and the prudential/treasury indicators be approved.

91/22 **Pension Board – Appointment of Independent Chair**

Tom Embury presented the Pension Board – Appointment of Independent Chair report that outlined the proposed process for advertising, sourcing and appointing a new Independent Chair to the Pension Board.

The committee were advised that the previous Independent Chair, Head of Finance for West Midlands Police, had resigned from post. There is no prescribed process held within legislation, so it had been proposed to use a similar process to that of an Independent Member/Person to the Authority. This would entail the advert being published externally, with shortlisting/interviews to be conducted by a Sub-Committee of Audit and Risk Committee. A recommendation by the Sub-Committee would be brought to a future Audit and Risk Committee meeting for approval.

Resolved:

1. That the proposed process of appointment for an Independent Chair of the Pensions Board be approved.

92/22 **Update on Corporate Risk 6.1 Business Continuity Arrangements**

Gary Taylor, Assistant Chief Fire Officer, presented the Update to Corporate Risk 6.1 Business Continuity Arrangements that outlined the context for uprating Corporate Risk 6.1 to 16 (RED) and potential steps to mitigate the risk, as requested at the last Audit and Risk Committee meeting, following a verbal update on the issue.

The Committee were advised that as per the Fire and Rescue Service National Framework, Fire and Rescue Authorities were required to assess any risk of emergencies occurring and ensure business continuity. Alongside this, Section 2 of the Civil Contingencies Act 2004 contained contingency/business continuity plans that the Authority had a statutory duty to assess, plan and advise upon. The West Midlands Fire Service (WMFS) Industrial Action Plan had been in place to assist with this, however, it relied upon non-striking operational staff/volunteers to provide cover. Following a Scrutiny Review in October/November 2019, a report was submitted to Fire Authority to greater strengthen business continuity resilience arrangements. The report was rejected, following a recommendation from Scrutiny Committee to continue with

existing business continuity arrangements. Fire Authority had responded to the Fire Reform White Paper stating they had confidence in the robustness of the current plans in place, but this contradicted the Officer response who did not share the same views.

A survey conducted by the National Fire Chief's Council (NFCC) had been published and RAG rated services on the resilience of their business continuity plans in the event of industrial action. This had been shared with the Home Office.

The Committee were advised that Corporate Risk 6.1 had been escalated from 12 to 16 (impact 4, likelihood 4), the highest risk level, as the service felt it did not have the confidence that services could be provided should there be strike action. A 2% pay award had already been rejected by Grey-Book staff, with consultation taking place with Green Book staff on a £1925 increase to all pay points. It was felt that given the different factors around cost-of-living crisis, the topic of pay that was impacting on everyone, and with other sectors already striking, the use of volunteers/non-striking staff would not be enough to provide the services required. It was recommended that an external provider be engaged with to provide the resilience required should there be strike action. As this would incur expenditure in excess of the CFO's delegated £250,000 limit, the decision would require Fire Authority approval. Such expenditure had also not been included in approved budgets of the Fire Authority, so would need to be taken into account in future budgeting decisions

Following queries on the sourcing of equipment and training, Gary advised that a full report providing key details on equipment and training would go to Fire Authority on 10 October 2022. He re-assured Members that external companies often used ex firefighters and therefore maintained high standards. Following concerns raised by FBU, Gary reassured Members that the service made no judgement on those wishing to strike and knew the impact this would be having on staff however, the service did have a legal duty to ensure that services could still be provided in the event of strike action.

The Chair of the Authority sympathised with staff and the services legal obligation to provide services in the event of strike action. He had and would continue to lobby nationally on the issue of fairer pay and understood that poor pay increases had occurred for the last ten years or so. He wished for the Home Office to assist and would continue talks with them as the decision had been out of the authority's hands on pay increases. He recommended that a scrutiny review on the proposals for business continuity arrangements be conducted whilst national negotiations take place and conclude an offer that would be accepted by its members.

Satinder Sahota, Monitoring Officer of the Authority, expressed the need that members mitigate any risk and that talks with the Home Office should be included within the Scrutiny review.

Resolved:

1. That the context and reasoning for the uprating of corporate risk 6.1 in June 2022 to 16 (RED), the highest rating, and implications to the service be noted.
2. That steps to mitigate the risk be taken by recommending to Fire Authority that a Scrutiny Review take place.

93/22 **Pension Regulator Supervisory Review Report**

Tom Embury presented the Pension Regulator Supervisory Review report that outlined the content/recommendations of the 2020-2021 Relationship Supervision Review Report of the West Midlands Fire Service Firefighter Pension Scheme from the Pension Regulator.

The Committee were advised that the report covered the period between 2020-2021 as it was delayed as a result of the COVID pandemic. An action plan would need to be developed and provided back to the Pension Regulator by early November 2022. It was recommended that Pension Board be delegated the task to discuss/develop the action plan in an extraordinary meeting, to be scheduled in October, for circulation to the Chair of Audit and Risk Committee and be brought back to Audit and Risk Committee in November. Following discussions around the role of Pension Board, it was agreed that officers would begin

the draft action plan for further developments/discussions to take place at the Extraordinary Pension Board meeting. Alan Tranter, Pension Board Member, advised he would be happy to work with Officers on the action plan and some of the actions had already been in place/could be actioned quickly.

A member of the public expressed concerns that the report did not cover the recent administrative issues and felt individuals were pushing the blame around. The Chair of the Committee disagreed and advised that the report had been delayed due to COVID and an Independent Investigation would be conducted on the recent issues highlighted.

Resolved:

1. That the content and recommendations of the 2020-2021 Relationship Supervision Review Report of the West Midlands Fire Service Firefighter Pension Scheme from the Pension Regulator, be noted.
2. That recommendation 1.2 as per report, be approved subject to the amendment that Officers would draft the action plan for further discussions/development at the Extraordinary Pension Board.

94/22 **Update on Topical, Legal and Regulatory Issues (Verbal Report)**

Mike Griffiths advised the Committee that Grant Thornton had issued a letter advising that the deadline for the Annual Auditors Report would be delayed until 31 January 2023.

Resolved:

1. That the update on Topical, Legal and Regulatory Issues be noted.

95/22 **Audit and Risk Committee Work Plan 2022-2023**

Tom Embury, Deputy Clerk, presented the Audit and Risk Committee Work Plan for 2022-2023 that outlined the planned agenda items for future scheduled Audit and Risk Committee meetings.

The Committee were advised that the Pension Regulator Supervisory Report would be added to the November meeting.

The outcome of the review would be added to a future meeting once timelines had been determined.

Resolved:

1. That the Audit and Risk Committee Work Plan 2022-2023 be approved.

The meeting closed at 14:17 hours.

Kirsty Tuffin

Strategic Hub

0121 380 6906

Kirsty.tuffin@wmfs.net

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

28 NOVEMBER 2022

1. **REQUEST FOR A DECISION ON ACTION TO BE TAKEN IN RESPECT OF IMMEDIATE DETRIMENT ('REVERSE DETRIMENT') CASES UNDER THE MCCLOUD/SERGEANT RULING**

Report of the Chief Fire Officer.

2. **PURPOSE OF REPORT**

- 2.1 This report is submitted to request that the Committee, in their role as Scheme Manager, confirm to the Scheme Administrator the action to be taken with regard to members who may benefit from being given access to the 2015 Firefighters' Scheme from 1st April 2015 ('reverse discrimination' cases).

3. **RECOMMENDATION**

- 3.1 That the Scheme Administrator offers retiring members the choice, with immediate effect, of having the remedy period 1st April 2015 to 31st March 2022 treated as either legacy scheme or 2015 scheme membership.

4. **BACKGROUND**

- 4.1 On 6th June 2022, the Audit and Risk Committee approved the payment of Immediate Detriment pensions in advance of October 2023, when it is anticipated that all legal arrangements will be in place.
- 4.2 There are additional members currently denied access to the 2015 Firefighters' scheme during the remedy period. The affected members were fully protected in their legacy pension scheme due to their length of service but it may have been

financially beneficial for them to have been offered the option to be moved to the 2015 Firefighters' scheme in April 2015. This option was denied them due to their age and is known as 'reverse discrimination'.

- 4.3 Given the Audit and Risk Committee decision on 6th June 2022 was taken to avoid discrimination claims against the Authority, it is proposed that 'reverse discrimination' cases are processed in line with Category 1 Immediate Detriment Cases i.e. at the point of retirement.

5. **EQUALITY IMPACT ASSESSMENT**

- 5.1 The legal duty on the Service in relation to an Equality Impact Assessment is to give due consideration to the impact of any policy decision as it affects those with protected characteristics. This due consideration is in the form of advantages and disadvantages for affected Scheme Members.
- 5.2 In relation to this report, the protected characteristic of age is engaged for Scheme Members and has been since the 'Sergeant' Court of Appeal decision. If the Committee decide to process 'reverse discrimination' cases, the disadvantage to affected Scheme Members is reduced.

6. **LEGAL IMPLICATIONS**

- 6.1 The recommendation at section 3 of this report mitigates the risk of discriminatory treatment on the grounds of or linked to age for the relevant cohort of retiring members. The recommendation is in line with legal advice and employment legislation.

7. **FINANCIAL IMPLICATIONS**

- 7.1 Due to the limited number of cases affected by the proposal in this report, it is anticipated that any costs incurred would be met from the existing funding already identified for cases associated with Immediate Detriment.

Ref. AU/A&R/2022/Nov/91611221

This document has been classified as OFFICIAL. It should therefore be handled in a secure manner and in line with appropriate handling instructions, as defined by WMFS Management of Information Policy

BACKGROUND PAPERS

Request for a Decision on Action to be Taken in Respect of
Immediate Detriment cases under the McCloud/Sargeant Ruling –
Audit and Risk Committee Report - 6th June 2022.

The contact name for this report is Mike Griffiths, telephone number
0121 380 6919.

PHIL LOACH
CHIEF FIRE OFFICER

Ref. AU/A&R/2022/Nov/91611221

This document has been classified as OFFICIAL. It should therefore be handled in a secure manner and in line with appropriate handling instructions, as defined by WMFS Management of Information Policy

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

28 NOVEMBER 2022

1. CORPORATE RISK UPDATE

Report of the Chief Fire Officer.

RECOMMENDED

- 1.1 THAT Audit and Risk Committee approve the Corporate Risk Summaries (Quarter 1, 2022/23, Appendix 1 and Quarter 2, 2022/23, Appendix 2) and note the management of Corporate Risk.

2. PURPOSE OF REPORT

- 2.1 This update covers a six-month period and is provided to ensure members remain informed about all aspects relating to the management of the Authority's Corporate Risks. It covers Quarter 1, 2022/23 and Quarter 2, 2022/23.

3. BACKGROUND

- 3.1 This report includes the Corporate Risk Summary for Quarter 1, 2022/23 and Quarter 2, 2022/23. In addition, it provides an update on the management of Corporate Risk with the new approach which emerged from the Business Continuity arrangements which were put in place in March 2020.
- 3.2 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'. Currently, the Service maintains eight Corporate Risks, some of which have more than one element.
- 3.3 Each Corporate Risk is assigned to a risk owner, who is a member of the Strategic Enabling Team (SET). The risk owner has the overall responsibility for monitoring and reviewing the progress

being made in managing the risk.

- 3.4 To enable for effective risk management, the risk owner reviews and assesses each Corporate Risk monthly. A report is subsequently submitted to SET on a quarterly basis.

The review and the estimated risk rating undertaken is based on likelihood x impact. The likelihood is a measure of probability of a given risk occurring using a scale of 1 (low) to 4 (high). The impact is a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

- 3.5 In undertaking a review of the Corporate Risks, the risk owner reviews the Corporate Risks and in doing so considers the following:-

- The direction of travel of the risk
- The overall confidence that the risk owner has in the risk being realised
- The current risk scores (Likelihood and Impact)
- Any issues that have emerged during the previous month
- Any forthcoming issues that are likely to emerge that could affect the risk
- Any changes to the control measures that are in place which are designed to reduce the likelihood of the risk realisation or its impact should the risk be realised
- Additional control measures currently implemented to further reduce the likelihood or impact
- Any interdependencies with other Corporate Risks

- The recommended risk score rating
- 3.6 As part of the review the risk owner has considered the risk score and rating and updated the summary sheet. The risk owner has provided assurance that the control measures identified are still effective in the management of the risk and identified whether any new risk events or controls have been implemented or are required.
- 3.7 Where ongoing additional controls are being implemented, risk owners have confirmed the progress in implementing such controls.
- 3.8 Work is currently taking place to move Corporate Risk from an isolated document to being incorporated into a 'One Risk Management Approach' for the Service. The Audit & Risk Committee will be fully briefed as this work progresses.

Increase/decrease in Overall Corporate Risk Score

- 3.9 During Quarter 1, (June 2022), Corporate Risk 5.2 decreased its risk score to Likelihood 3, Impact 3, providing an overall risk score of 9, 'Satisfactory Assurance'. This was from a previous risk score of Likelihood 4, Impact 3, providing a risk score of 12 'Limited Assurance'. This decrease was due to the 'Command and Control' system within Fire Control being on a more reliable platform. However, within Quarter 2, (September 2022) the risk score decreased further to Likelihood 2, Impact 3, providing a risk score of 6, 'Substantial Assurance'. This was due to the Command-and-Control system (Vision 4) within Fire Control being fully embedded.

In addition, in June of Quarter 1, Corporate Risk 6.1 increased its risk score to Likelihood 4 and Impact 4 with an overall score of 16 'Limited Assurance'. The previous score had been Likelihood 3 and Impact 4, giving an overall score of 12, this was also classed as 'Limited Assurance'. This increase was due for the need to review the service mitigation plan for industrial action. It was considered that the current mitigation plan is not robust to ensure service delivery.

A new risk was introduced during Quarter 1, Corporate Risk 7.3 (*The Fire Authority is unable to prevent, respond to or recover from malicious attempts to damage or disrupt devices, services and networks and the information on them*). This new risk is rated as an overall score of 12, Likelihood 3 and Impact 4 'Limited Assurance'.

During Quarter 2 (September), Corporate Risk 2.1 increased to Likelihood 3, Impact 3 giving an overall risk score of 9, 'Satisfactory Assurance'. This has increased from Likelihood 2, Impact 3 and a score of 6 'Substantial Assurance'. This increase is due to the potential for industrial action.

Quarter 1, 2022/23 (April, May, and June)

Quarter 2, 2022/23 (July, August, and September)

3.10 The Corporate Risk Summary for Quarter 1 (June), 2022/23 is attached as Appendix 1 and Quarter 2 (September) 2022/23 is Appendix 2. It provides the confidence levels of the risk management activity in respect of the Authority's eight Corporate Risks. It should be noted that some risks have more than one element, providing an update on 15 elements of the risks. The following is the status at the end of Quarter 2 (September 2022).

- Corporate Risks 1.2, 2.2, 2.3, 4.1, 5.2, 8.1 and 8.2 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.
- Corporate Risks 2.1, 3.1, 3.2, 5.1 and 7.2 have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- Corporate Risk 6.1, 7.1 and 7.3 have been awarded a red (limited) confidence opinion, due to the inadequacy of key internal controls being in place.

3.11 Corporate Risk Statement Summary

3.11.1 Corporate Risk 1.2, External (Political and Legislative Environment)

The risk owner reported the following during Quarters 1 and 2:-

Discussions are ongoing with the West Midlands Combined Authority (WMCA) who joined a SET development session on

inclusive growth during October 2022. The service continues to await the outcome of the Fire Reform White Paper consultation which the new Fire Minister has referenced is currently being worked through, and still on the government agenda. There is a consideration regarding the potential for industrial action and what impact this may have on our ability to position the organisation for reform, or any reputational damage which may result from this.

3.11.2 **Corporate Risk 2.1, People (Positive staff engagement)**

The risk owner reported the following during Quarters 1 and 2:-

A letter was received from the National Joint Council (NJC) to the Home Secretary rejecting the 2% pay offer for Grey Book conditions of service which has the potential for industrial action. A revised offer of 5% was made which was also rejected. Balloting is taking place which could lead to industrial action during December 2022.

During Quarter 2 there has been an increase in absences aligned to the absence management policy which, along with restricted duties, is the most significant contributor to an increasing ridership factor. This is impacting on the ability to staff effectively and also has a financial impact where Voluntary Additional Shifts (VAS) are offered to address the gaps in shifts.

3.11.3 **Corporate Risk 2.2, People (Insufficient or ineffective employees)**

The risk owner reported the following during Quarters 1 and 2:-

There is an ongoing issue regarding Emergency Response Drivers (ERD) that is currently impacting on the service delivery model with an estimated 80 ERD drivers below requirements. A mitigation plan has been developed and actions are being co-ordinated by a dedicated resource within the Workforce Planning Team with contribution from stakeholders for the delivery of proposed solutions.

The current state of skills deficiencies with ERD and the lack of Crew Commanders will remain before there is an improvement due to the timeline to implement short, medium, and long-term

solutions. This impacts on staffing, distribution of workloads, health, and the wellbeing of staff.

3.11.4 **Corporate Risk 2.3, People (Safe and healthy workplace)**

The risk owner reported the following during Quarters 1 and 2:-

Following the recent introduction of a temporary Health, Safety, and Well-being (HSW) Advisor to lead on the development and delivery of training, a risk has emerged regarding capacity within Organisational, Learning and People Development (OLPD) to deliver e-learning within foreseeable timescales that is developed by the HSW Team. High level discussions are taking place with OLPD to discuss a plan and agree timescales for delivery. The potential impact of this is not meeting legal compliance and the sharing of key information.

3.11.5 **Corporate Risk 3.1, Prevention (Engagement with vulnerable members of the community)**

The risk owner reported the following during Quarters 1 and 2:-

The supply chain for smoke detectors from all suppliers has improved significantly and the requirement for national reporting to the national procurement team has ceased.

The targets for Safe & Well have been revised removing the requirement to deliver two per appliance per day to provide opportunity for greater focus on risk and vulnerability and nurturing referral pathways with partners

3.11.6 **Corporate Risk 3.2, Prevention (Partnership arrangements)**

The risk owner reported the following during Quarters 1 and 2:-

Work is being undertaken to review and update the partnerships governance arrangements post COVID in preparation for the internal audit of partnerships in Quarter 4, 2022/23.

3.11.7 **Corporate Risk 4.1, Protection**

The risk owner reported the following during Quarters 1 and 2:-

The development of a new 'Building Safety Regulator Regional Team' may impact on staffing numbers and capacity. This is in the early planning stages and funds are available from the Home Office as a mitigation plan.

There is a risk with the capacity within 'Digital & Data' which has resulted in the business-to-business gateway not being completed. The new fire safety legislation requires businesses over £18M to share risk information with the Fire and Rescue Service (FRS) and the FRS needs to be able to receive, interpret and use the data to reduce risk

3.11.8 **Corporate Risk 5.1, Response (Operational)**

The risk owner reported the following during Quarters 1 and 2:-

The Fire Brigades' Union (FBU) are balloting to accept/reject the revised pay offer. The skills deficiencies for Emergency Response Drivers and Crew Commanders are relevant to CR5.1 but have been covered earlier within this report.

3.11.9 **Corporate Risk 5.2, Response (Fire Control)**

The risk owner reported the following during Quarters 1 and 2:-

Reporting data for both West Midlands Fire Service (WMFS) and Staffordshire Fire Service (SFS) remains an ongoing issue and it is being managed as a priority in Digital and Data.

There is intelligence to suggest that the FBU will ballot for strike action and that this would be supported by Fire Control. The service is unclear at the moment of the impact of Industrial Action (IA) on staffing levels in Fire Control. Business Continuity Plans have been shared with (SFS). As a result of the potential for IA, work has begun on planning for the training of non-striking staff from across the service who could support Fire Control during IA.

3.11.10 **Corporate Risk 6.1, Business Continuity & Preparedness**

The risk owner reported the following during Quarters 1 and 2:-

The service received the outcome of the National Fire Chiefs Council (NFCC) Survey relating to its response to IA. WMFS

received a RED rating which will result in the Chief Fire Officer (CFO) and the Chair of the Authority meeting with the Home Office to discuss the outcome of the survey and the next steps.

As a result of the Audit and Risk Committee report of the 26 September 2022 relating to the increase in the rating for Corporate Risk 6.1, a subsequent report was submitted to Fire Authority on the 10 October 2022. Fire Authority agreed that the Scrutiny Committee to be held on 7 November 2022 would review the recommendations outlined in the report and provide recommendations to Fire Authority on the 12 December 2022.

A letter from the CFO was sent to all staff to gauge their view on whether they would work during a period of IA. The return was 95, with 65 (across numerous roles) saying they would work, further analysis is being carried out on the roles and skills of the responses to support the Business Continuity Planning arrangements.

Following a review of external providers there is uncertainty of the availability of external providers to provide contingency arrangements for a period of IA in 2022 or early 2023.

A review of military sites is being completed which may result in a change to which strategically located military sites WMFS would use during IA, this is on the basis that a change improves the service's response times when programmed into the Dynamic Cover Tool.

3.11.11 Corporate Risk 7.1, Digital and Data (Provide and support ICT)

The risk owner reported the following during Quarters 1 and 2:-

A review of the Digital and Data team has commenced, this will lead to a restructure and provide an opportunity to improve both the retention of employees and attract new employees with key digital and data skills.

3.11.12 Corporate Risk 7.2, Digital and Data (Management of information)

The risk owner reported the following during Quarters 1 and 2:-

New legislation of a 'Data Protection and Digital Information Bill 2022', that is currently before parliament may offer new opportunities but will require a review of all policies related to data.

An opportunity has arisen to review the management of document repositories and communication channels to improve useability and compliance.

3.11.13 **Corporate Risk 7.3, Digital & Data (Cyber Security)**

The risk owner reported the following during Quarters 1 and 2:-

There may be an opportunity in the future to consider cyber resilience as a managed service.

3.11.14 **Corporate Risk 8.1, Finance & Assets (Funding)**

The risk owner reported the following during Quarters 1 and 2:-

The 'cost of living' crisis continues to attract much attention with concerns regarding price increases on a range of goods and services. Pay claims have been made by both the FBU and Unison, significantly in excess of the Authority's 2% assumption. A response offer has been given to Unison by the NJC for Local Government Workers and following a ballot, Unison have indicated acceptance of the offer. Allots are due to close during October for Unite and GMB and once all three Unions have established their respective positions, a co-ordinated response will be made to the employers regarding the offer. The FBU have rejected the pay offer made to them and have indicated the intention to undertake a ballot for strike action with their members.

The outcome of a two-year Comprehensive Spending Review (CSR) for 2023/24 is anticipated in December 2022. Also, the potential ongoing impact of COVID and other elements of the Ridership Factor above this year's budget assumptions would lead to cost pressures. In addition, it is anticipated that there will be pay award pressures generally in 2022/23 due primarily to cost of living increases. In addition, the full £3.8M appliance availability has not yet been identified (£2.3M is anticipated from Risk Based Crewing but the shortfall of £1.5M has not

been identified at this stage). Supply Chain pressures are beginning to result in cost increases, most notably in the cost of fuel and energy at this stage.

3.11.15 **Corporate Risk 8.2, Finance & Assets (Financial management)**

The risk owner reported the following during Quarters 1 and 2:-

The Service is vigilant that there may be potential future ICT security breaches. In addition, the ongoing possibility of inappropriate acts by employees.

3.12 Corporate Risks will continue to be submitted to the SET meetings on a quarterly basis and reported into the Audit and Risk Committee every six months.

4. **EQUALITY IMPACT ASSESSMENT**

4.1 In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

5.1 There are no direct legal implications associated with the implementation of the recommendations set out in this report.

6. **FINANCIAL IMPLICATIONS**

6.1 There are no financial implications associated with the implementation of the recommendations set out in this report.

7. **ENVIRONMENTAL IMPLICATIONS**

7.1 None.

BACKGROUND PAPERS

Update on Corporate Risk 6.1, Business Continuity Arrangements
Audit Committee Report, 26 September 2022

Creation of an additional Corporate Risk related to Cyber Security

Audit Committee Report, 6 June 2022

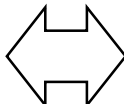

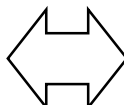
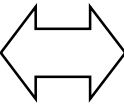
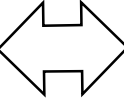
Delivery of The Plan 2022/25, Authority Report, 14 February 2022

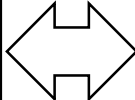
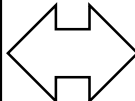
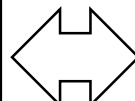
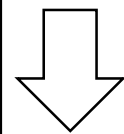
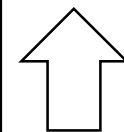
Corporate Risk Update to Audit Committee, Audit Committee Report, 7 December 2020

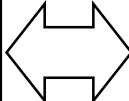
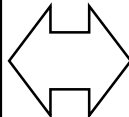
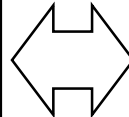
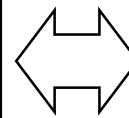
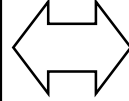
Frequency of Risk Reporting to Audit Committee, Audit Committee Report, 11 April 2016

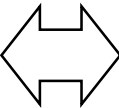



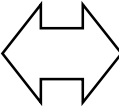

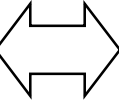

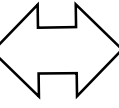

The contact for this report is Assistant Chief Fire Officer, Gary Taylor, Strategic Enabler – Process, telephone number 0121 380 6914.

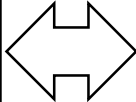
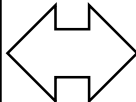
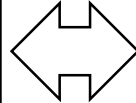
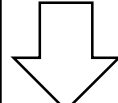
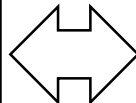
PHIL LOACH
CHIEF FIRE OFFICER

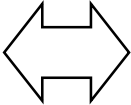
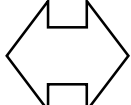
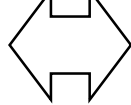
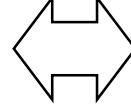
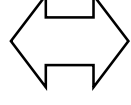
<u>Business Continuity - Corporate Risk</u>					<u>Jun-22</u>		
No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
CR1	External (Political and Legislative) Environment	SE Portfolio - Richard Stanton					
1.2	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.	Richard Stanton			2	3	6
CR2	People	SE People - Simon Barry					
2.1	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.	Shirley Haines			2	3	6
2.2	The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.	Juliet Malone			2	3	6
2.3	The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.	Alex Shapland/ John Ashton			2	3	6
CR3	Delivery of Services - Prevention	SE Prevention - Pete Wilson					
3.1	The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.	Pete Wilson			3	3	9

3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.	Pete Wilson			2	2	4
CR4	Delivery of Services - Protection	SE Protection - Steve Ball					
4.1	The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.	Steve Ball			2	2	4
CR5	Delivery of Services – Response	SE Response - Martin Ward-White, Karen Gowreesunker					
5.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.	Martin Ward-White			3	4	12
5.2	The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.	Karen Gowreesunker			3	3	9
CR6	Business Continuity & Preparedness	SE Organisational Preparedness - Sam Burton					
6.1	The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.	Sam Burton			4	4	16
CR7	Digital and Data	SE Digital & Data - Kash Singh					

7.1	The Fire Authority is unable to provide and maintain an effective digital and data provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.	Kash Singh			4	3	12
7.2	The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.	Kash Singh			3	3	9
7.3	The Fire Authority is unable to prevent, respond to or recover from malicious attempts to damage or disrupt devices, services and networks - and the information on them.	Kash Singh			3	4	12
CR8	Finance & Assets	SE Finance and Resources - Mike Griffiths					
8.1	The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.	Mike Griffiths			3	3	9
8.2	The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.	Mike Griffiths			2	3	6

<u>Business Continuity - Corporate Risk</u>					<u>Sep-22</u>		
No.	Outcome of Risk Realisation	Risk Owner	Direction of Travel	Overall Confidence	Likelihood	Impact	Risk Score
CR1	External (Political and Legislative) Environment	SE Portfolio - Richard Stanton					
1.2	The Fire Authority is unable to positively position itself within public service reform to sustain and create new services resulting in reduced confidence, credibility and/or reputational damage.	Richard Stanton			2	3	6
CR2	People	SE People - Simon Barry					
2.1	The Fire Authority is unable to maintain positive staff consultation and engagement, resulting in an inability to deliver strategic objectives, outcomes and continuous improvement.	Karen Gowreesunker			3	3	9
2.2	The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage.	Juliet Malone			2	3	6
2.3	The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage.	Karen Gowreesunker/ John Ashton			2	3	6
CR3	Delivery of Services - Prevention	SE Prevention - Pete Wilson					
3.1	The Fire Authority is unable to engage with the most vulnerable members of the community and reduce community risk resulting in increased fire and non-fire related incidents, fatalities and injuries.	Pete Wilson			3	3	9

3.2	The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.	Pete Wilson			2	2	4
CR4	Delivery of Services - Protection	SE Protection - Steve Ball					
4.1	The Fire Authority is unable to effectively discharge its duties under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non-domestic fire safety standards; reduced confidence and credibility; and increased litigation and reputational damage.	Steve Ball			2	2	4
CR5	Delivery of Services – Response	SE Response - Martin Ward-White, Karen Gowreesunker					
5.1	The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage.	Alex Shapland			3	4	12
5.2	The Fire Authority is unable to maintain its command and control function, resulting in an inability to receive, process and respond to emergency calls effectively, so increasing community risk; reducing confidence and credibility; and increasing reputational damage.	Sam Burton			2	3	6
CR6	Business Continuity & Preparedness	SE Organisational Preparedness - Sam Burton					
6.1	The Fire Authority is unable to provide business continuity arrangements, to maintain delivery of core functions, as a result of extensive disruption to normal working arrangements, including national and international deployments, significant and major events, resulting in increased community risk; reduced confidence; increased reputational damage; and external scrutiny.	Sam Burton			4	4	16
CR7	Digital and Data	SE Digital & Data - Kash Singh					

7.1	The Fire Authority is unable to provide and maintain an effective digital and data provision to support the delivery of core functions, resulting in significant disruption to the organisation's functionality, reduced confidence, credibility, reputational damage and external scrutiny.	Kash Singh			4	3	12
7.2	The Fire Authority is unable to provide effective management and security of organisational information and documentation including the receipt, storage, sharing and transfer of information and data, resulting in reputational damage, litigation, substantial fines and external scrutiny.	Kash Singh			3	3	9
7.3	The Fire Authority is unable to prevent, respond to or recover from malicious attempts to damage or disrupt devices, services and networks - and the information on them.	Kash Singh			3	4	12
CR8	Finance & Assets	SE Finance and Resources - Mike Griffiths					
8.1	The Fire Authority is unable to deliver its statutory responsibilities, predominantly through the Service Delivery Model, due to insufficient funds, resulting in external scrutiny and intervention; reduced confidence and credibility; and increased reputational damage.	Mike Griffiths			3	3	9
8.2	The Fire Authority is unable to deliver effective financial management arrangements, due to misuse of funds, resulting in external scrutiny, intervention and litigation.	Mike Griffiths			2	3	6

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

28 NOVEMBER 2022

1. **AUDIT FINDINGS REPORT 2021/2022**

Report of the Treasurer.

RECOMMENDED

- 1.1 THAT the content of the Audit Findings Report (AFR) be noted.

2. **PURPOSE OF REPORT**

- 2.1 This report is submitted to advise Members of the Audit and Risk Committee that Grant Thornton has produced the AFR. The AFR is submitted to inform Members of the audit work undertaken by the external auditors and the findings as a consequence of this work.

3. **BACKGROUND**

- 3.1 The AFR sets out and reports the key messages arising from the external audit work undertaken during the year. The AFR is designed to support the Auditor's opinions and conclusions and is a requirement of the Code of Audit Practice.
- 3.2 Representatives from Grant Thornton will present and explain the findings detailed in the AFR to Members.
- 3.3 The AFR is attached as Appendix A.

4. **EQUALITY IMPACT ASSESSMENT**

- 4.1 In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

- 5.1 The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

- 6.1 The scale of fees for undertaking West Midlands Fire and Rescue Authority's external audit work for 2021/2022 is budgeted at £45,500.

7. **ENVIRONMENTAL IMPLICATIONS**

- 7.1 None.

BACKGROUND PAPERS

Statement of Accounts 2021/2022, Audit and Risk Committee – 18 July 2022.

The contact officer for this report is Gary Taylor, Assistant Chief Fire Officer, telephone number 0121 380 6006.

MIKE GRIFFITHS
TREASURER

Audit Findings for West Midlands Fire and Rescue Authority

Year ended 31 March 2022

November 2022



Contents



Your key Grant Thornton team members are:

Avtar Sohal

Key Audit Partner

T 0121 232 5240

E Avtar.S.Sohal@uk.gt.com

Harkamal Vaid

Audit Manager

T 0115 697 9365

E Harkamal.S.Vaid@uk.gt.com

Aaron Smallwood

Audit In-charge

T 0121 232 5336

E Aaron.K.Smallwood@uk.gt.com

Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

Appendices

- A. Action plan
- B. Audit adjustments
- C. Fees

Page

- [3]
- [5]
- [16]
- [18]

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit and Risk Committee.

Name : Avtar Sohal
For Grant Thornton UK LLP
Date : 28 November 2022

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit West Midlands Fire and Rescue Authority ('the Authority') and the preparation of the financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed on site/remotely during July-November. Our findings are summarised on pages 5 to 15. Our audit is ongoing. We have requested that the financial statements are adjusted for revised IAS19 report issued by the LGPS pension fund actuary, due to findings from the West Midlands Pension Fund Audit for the year ending 31 March 2022. Audit adjustments are detailed in Appendix B. We have also raised a recommendation for management as a result of our audit work in Appendix A.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- receipt and review of sufficient information from the management to allow us to gain assurance over the property valuations included in the Authorities' financial statements;
- completion of testing of journal entries which we have assessed to be unusual as a result of our risk analysis;
- receipt, consideration and testing of the revised IAS 19 actuarial report;
- IAS19 assurance letter from the LGPS pension fund's auditors;
- completion of procedures on the Pension Fund account;
- finalisation of our IT work around data migration with the new ledger
- completion of our work on a small number of sampled capital transactions;
- receipt of a report to support our work on employee remuneration
- completion of our work on both the existence and completeness of the Authorities' debtor and creditor balances;
- final quality reviews by the Audit Manager and Engagement Lead;
- receipt and review of management's signed representation letter; and
- receipt and review of the final signed set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay has been shared with management and the Chair of the Audit and Risk committee. We expect to issue our Auditor's Annual Report by 31st January 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our work on this risk is underway and an update is set out in the value for money arrangements section of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Authority's VFM arrangements, which will be reported in our Annual Auditor's report by February 2023.

Significant Matters

At the time of writing this report, our work in relation to the valuation of the Authorities property assets (other land and buildings) is incomplete. We have encountered significant delays and difficulties in obtaining floorplans to support the areas provided to the external valuer to support their calculations and therefore will not be able to complete the audit until this information is obtained and we can conclude that the valuations are not materially misstated.

As detailed on page 9, due to issues within the West Midlands Pension Fund audit, an updated IAS19 actuarial report will be issued to the Authority that will require amendments to the accounts and the LGPS net pension fund liability. We will need to review that these adjustments are appropriately reflected in the financial statements and are free from material misstatement.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit and Risk Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls for the implementation of the new ledger;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Risk Committee meeting on 28 November 2022. These outstanding items are highlighted on page 3.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Authority Amount (£)		Qualitative factors considered
Materiality for the financial statements	2,600,000	We determined materiality for the audit of the Authority's financial statements as a whole to be £2.6m in our audit plan, which equated to approximately 2% of the Authority's gross operating expenditure in 2020/21. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Authority has expended its revenue and other funding.
Performance materiality	1,820,000	Performance materiality drives the extent of our testing and this was set at 70% of financial statement materiality. Our consideration of performance materiality is based upon a number of factors: <ul style="list-style-type: none"> • We are not aware of a history of deficiencies in the control environment. • Senior financial management and key reporting personnel have remained stable from the prior - year audit
Trivial matters	130,000	Triviality is the threshold at which we will communicate misstatements to the Audit and Risk Committee.
Materiality for senior officer's remuneration	24,300	In accordance with ISA 320 we have considered the need to set lower levels of materiality for sensitive balances, transactions or disclosures in the accounts. We consider the disclosures of senior officer's remuneration to be sensitive as we believe these disclosures are of specific interest to the reader of the accounts.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals
- obtained the listing of journal entries and other adjustments in the year and reconciled this back to the trial balance to ensure it was complete
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- identified and tested 55 unusual journals made during the year and the accounts production stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness
- reviewed material estimates and judgements for evidence of material bias
- reviewed the accounting policies adopted by the Authority which were deemed reasonable.

Our audit work is ongoing, however to date, we have not identified any issues in respect of management override of controls.

Implementation of a new ledger system

During the year, the Authority moved from an externally hosted Oracle Business System financial ledger, to an internally hosted Oracle Fusion ledger. This required migration of data for the first six months of the financial year from one system to another. The Authority staff will also be using a new ledger during the financial statements closedown and preparation process.

We have;

- Reviewed the Authority's process for ensuring the data migration was complete and accurate;
- Performed procedures to determine the design effectiveness of IT general controls of the new ledger system; and
- Reviewed management's process for the closedown and preparation of the financial statements.

There is a risk that data migrated between systems is not accurate or complete, and the operation of a new ledger system during the financial statements closedown and preparation process may lead to an increased number of errors or delays.

The work is in progress but to date we have not noted any significant weaknesses in arrangements our application of migration.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

The revenue and expenditure cycle includes fraudulent transactions (rebutted)

Having considered the risk factors set out in ISA 240 and the nature of the revenue and expenditure streams at the Authority, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:

- there is little incentive to manipulate revenue recognition.
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including West Midlands Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable.

Therefore, we did not consider this to be a significant risk for West Midlands Fire and Rescue Authority. There were no changes to our assessment as reported in the audit plan that we need to bring to your attention.

Our work to date has not identified any matters that would indicate our rebuttal was incorrect.

Valuation of land and buildings (PPE)

The Authority revalues its land and buildings on an annual basis.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

We have therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the processes, controls and assumptions put in place by management to ensure that the valuation of land and buildings is not materially misstated and evaluate the design of these and whether they are sufficient to mitigate the risk of material misstatement;
- assessed the competence, capabilities and objectivity of management's experts [Wilks Head & Eve LLP] who carried out your PPE valuations; evaluated the instructions issued by management to their management expert [a valuer] for this estimate and the scope of the valuer's work;
- communicated with the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, particularly around obsolescence of assets, build costs, floor areas for DRC assets and yields and rents/market values for non-specialised properties.
- tested revaluations made during the year to ensure they are consistent with the valuer's report and input correctly into the Authority's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management have satisfied themselves that these are not materially different to current value

At the time of writing this report, our work in relation to the valuation of the Authorities property assets (other land and buildings) is incomplete. We have encountered significant delays and difficulties in obtaining floorplans to support the areas provided to the external valuer to support their calculations. The Authority continues to support the audit team to gather this information and once this is obtained we will be able to conclude whether valuation estimates are free from material misstatements.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1,843m in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

We have:

- relied, where appropriate, on work carried out by our internal Grant Thornton audit team, as auditors of the West Midlands Pension Fund;
- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued to the management expert [actuary] for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary, through the Pension Fund, to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and documented and evaluated the controls surrounding the validity and accuracy of membership data;
- contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Our work in this area is ongoing. We need to review the adjustments made by the Authority as a result of the two misstatements which have been identified, by the pension fund auditor, in relation to the pension fund net liability.

- 1) West Midlands Pension Fund records the value of a number of its investments on a lagged basis, meaning the value is based on the value at the previous quarter adjusted for known cash movements.
- 2) The misstatement is in relation to the rate of return used to calculate the value of its investments. The Actuary's initial rate of return was lower than the actual rate based on the Pension Fund's financial statements, which has resulted in a reduction of the pension fund liability. The Authority has requested a revised report from the actuary to assess the impact.

As a result of these findings the pension fund actuary will issue a revised IAS19 actuarial report in respect to the Authority, and we have recommend the authority update its financial statements based on this.

We are also awaiting the pension fund auditor's letter to identify whether a further amendment is required before we conclude on this significant risk area.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations (including Surplus Assets) – £144.857m	<p>Other land and buildings comprises £136.714m of specialised assets, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings (£8.143m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged Wilks Head & Eve LLP to complete the valuation of properties as at 31st March 2022 on a five yearly cyclical basis. All assets were revalued during 2021/22.</p> <p>The total year end valuation of land and buildings was £144.857m, a net increase of £18.410m from 2020/21 (£126.447m).</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work. This provided us with assurance over the completeness and accuracy of the underlying information used to determine the estimate evaluated the competence, capabilities and objectivity of the valuation expert written to the valuer to confirm the basis on which the valuations were carried out tested on a sample basis revaluations of the Authority's land and buildings during the year to ensure they have been input correctly into the Authority's asset register and financial statements considered the appropriateness of the source data and key assumptions including comparable rental income and yields for the properties. <p>Our audit work with regards to testing source data is ongoing due to difficulties in obtaining floorplans, therefore we are yet to conclude on the appropriateness of this estimate.</p>	TBC

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Local Government Pension Scheme Net pension liability – £52.269m	<p>The Authority's net pension liability at 31 March 2022 is £52.269m (PY £65.402m). This is in relation to the Authority's obligations as a member employer of the West Midlands Pension Fund, part of the Local Government Pension Scheme. The Authority uses Hymans Robertson LLP to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £12.627m net actuarial gain during 2021/22.</p>	<ul style="list-style-type: none"> We have no concerns over the assessment of management's expert We have no concerns over the assessment of the actuary's approach taken We have used PwC as auditors expert to assess assumptions made by the actuary – see table below for the comparison made No issues were noted in the completeness and accuracy of the underlying information used to determine the estimate We have confirmed that the Authorities' share of LGPS pension assets is in line with expectations We have confirmed that the increase in the estimate is reasonable The disclosure of the estimate in the financial statements is considered adequate <table> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>2.7%</td><td>2.7 – 2.75%</td><td>✓</td></tr> <tr> <td>Pension increase rate</td><td>3.2%</td><td>3.15 – 3.30%</td><td>✓</td></tr> <tr> <td>Salary growth</td><td>4.2%</td><td>3.65 – 5.8%</td><td>✓</td></tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td><td>22.9 / 21.2</td><td>21.4 – 24.3 / 20.1 – 22.7</td><td>✓</td></tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td><td>25.4 / 23.6</td><td>24.8 – 26.7 / 22.9 – 24.9</td><td>✓</td></tr> </table> <p>As previously stated on page 9 we are currently awaiting revisions to the financial statements based on updated IAS19 actuarial reports and the pension fund auditor's assurance letter before we can conclude on this significant risk area.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.7%	2.7 – 2.75%	✓	Pension increase rate	3.2%	3.15 – 3.30%	✓	Salary growth	4.2%	3.65 – 5.8%	✓	Life expectancy – Males currently aged 45 / 65	22.9 / 21.2	21.4 – 24.3 / 20.1 – 22.7	✓	Life expectancy – Females currently aged 45 / 65	25.4 / 23.6	24.8 – 26.7 / 22.9 – 24.9	✓	We consider management's process is appropriate and key assumptions are neither optimistic or cautious
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	2.7%	2.7 – 2.75%	✓																								
Pension increase rate	3.2%	3.15 – 3.30%	✓																								
Salary growth	4.2%	3.65 – 5.8%	✓																								
Life expectancy – Males currently aged 45 / 65	22.9 / 21.2	21.4 – 24.3 / 20.1 – 22.7	✓																								
Life expectancy – Females currently aged 45 / 65	25.4 / 23.6	24.8 – 26.7 / 22.9 – 24.9	✓																								

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Fire Fighters Net pension liability – £1,790.83m	<p>The Authority's net pension liability for Fire Fighter pensions at 31 March 2022 is £1,790.83m (P/Y £1,800.8m) comprising of all Firefighter Pension schemes. The Authority uses GAD to provide actuarial valuations of the Authority's assets and liabilities derived from these schemes.</p> <p>The results have been calculated by carrying out a detailed valuation of the most recent data provided to the actuary (as at 31 March 2020), which has then been rolled forward to reflect the position as at 2022. In particular the actuary has allowed for service accrued between 1 April 2021 and 31 March 2022 and known pension and salary increases that would have applied.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>We have:</p> <ul style="list-style-type: none"> Undertaken an assessment of management's expert Reviewed and assessed the actuary's approach taken and detailed work undertaken to confirm reasonableness of approach Used an auditors expert (PWC) to assess the actuary and assumptions made by the actuary. This led to further detailed discussions with the Pension Fund and Actuary whereby we challenged the assumptions and calculation methods applied Identified no issues with the completeness and accuracy of the underlying information used to determine the estimate Confirmed there have been no changes to the valuation method since the previous year, other than the updating of key assumptions above. <p>Our audit work is ongoing, however to date, we have not identified anything to suggest the estimate is materially misstated.</p>	We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority. This may need to be amended subject to further findings from the audit.
Confirmation requests from third parties	We requested from management permission to send a confirmation request to your bank. This permission was granted and the requests were sent and the appropriate confirmation was obtained.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	We have encountered significant delays and difficulties in obtaining floorplans to support the areas provided to the external valuer to support their calculations. Although we acknowledge that the Authority is now aiming to produce the relevant floor plans, this has delayed the delivery of the audit.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p data-bbox="871 464 2056 608">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="871 620 2016 675">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="871 687 2078 986" style="list-style-type: none"> • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p data-bbox="871 999 2072 1142">Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="871 1155 1989 1300" style="list-style-type: none"> • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. <p data-bbox="871 1313 2051 1339">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="871 1351 2056 1447" style="list-style-type: none"> • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our review of Other Information is ongoing however to date, no inconsistencies have been identified. Subject to the completion of this work, we plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Authority does not exceed the reporting threshold.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2021/22 audit of West Midlands Fire and Rescue Authority in the audit report, as our work on VFM is still to be completed.</p>



3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay has been shared with management and the Chair of the Audit and Risk committee. We expect to issue our Auditor's Annual Report by 31st January 2013. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Authorities' arrangements for securing economy, efficiency and effectiveness in its use of resources. Our work on this risk is underway and we have not identified any risks at this stage of the audit.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No non-audit services were identified which were charged from the beginning of the financial year to November 2022.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Appendices

A. Action plan – Audit of Financial Statements

Our audit is ongoing, however to date, we have identified 1 recommendation for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022/23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>Review of the Fixed Asset Register</p> <p>We have identified that the Authority have several assets within their asset register which are held at a nil net book value. The gross book value of these assets is £1.3m and whilst there is no impact on the balance sheet, this does increase the gross book value and accumulated depreciation in note 16.</p> <p>From the work that we have performed we have identified that these assets have been disposed/decommissioned. Although we have assurance that these assets are not materially misstating the financial statements, there is the risk that there are other items on the fixed asset register that are no longer in use.</p>	<p>The Authority should review their fixed asset register periodically to ensure that assets no longer in use by the authority, are removed in a timely manner.</p> <p>Management have agreed this recommendation.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022. Our audit work is ongoing, however to date, we have not identified any adjusted misstatements.

The Authority have disclosed that they will be making an adjustment to the pension liability figure upon receipt of an updated report as highlighted on page 9.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit to date, which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
Misclassification of PPE	<p>We have identified an asset of £275k that has been recorded as an Asset under construction within note 16, however this should be recorded as a Surplus Asset within the same note. This does not impact the overall figure of PPE per the balance sheet however is a misclassification issue.</p> <p>Management response</p> <p>This is not material and management will make this change as a post audit adjustment and restate the opening balances for the 2022/23 accounts.</p>	No
Note 4 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	<p>The Code states that this disclosure must include the nature of assumptions of the estimate and the carrying value. The Authorities disclosure was not complete and did not provide sufficient detail to be compliant with The Code, therefore we have recommended for this to be updated.</p>	Yes
Financial Instruments	<p>As per note 18.5.3, the Authority has disclosed an interest figure of £36k, however after the audit team recalculated this, we determine the figure to be £45k. Management have agreed to amend this figure within the final accounts.</p>	Yes
Narrative Report	<p>As per CIPFA Code ref 3.1.1.14 it is recommended that a local authority cross-refer to the outturn provided in the Expenditure and Funding Analysis required by paragraph 3.4.2.100. From our review of the narrative report, we have identified that there are no clear references.</p> <p>Management response</p> <p>This is a recommendation and not a statutory inclusion, therefore the audit team are satisfied that this does not materially impact the narrative report or financial statements.</p>	No
Review of the financial statements	<p>We have noted a number of typographical errors throughout the financial statements which have been agreed to be amended by management</p>	Yes

B. Audit Adjustments



Impact of adjusted misstatements

We have recommend that the Authority make changes to the financial statements based on the updated IAS19 actuarial reports they will receive in respect to the LGPS pension fund. We are unable to assess the impact at this stage, as we are yet to see the adjustments made to the financial statements.

Impact of unadjusted misstatements

None noted.

C. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	2021/22 Proposed Fee	2021/22 Final fee
West Midlands Fire and Rescue Authority audit	£53,800	£61,300
Total audit fees (excluding VAT)	£53,800	£61,300

The proposed fees reconcile to the financial statements, as in note 30. We have requested a fee variation of £7,500 in respect to delays in receiving floorplans that support the valuation estimate and the revisions to the financial statements based on the updated IAS19 actuarial reports. The fee variations are subject to PSAA approval.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

28 NOVEMBER 2022

1. **TREASURY MANAGEMENT – MID YEAR REVIEW
REPORT 2022/23**

Report of the Treasurer.

RECOMMENDED

- 1.1 THAT the report and Appendix are noted and the prudential and treasury indicators approved.

2. **PURPOSE OF REPORT**

- 2.1 The Authority agreed its Treasury Management Strategy Statement and Annual Investment Strategy and its Prudential Indicators in February 2022. Part of the requirements of the Treasury Strategy and Prudential Code are that periodic reports are presented to Members.
- 2.2 The mid-year review report outlines the performance of the Treasury Management function of the Authority in the current financial year.

3. **BACKGROUND**

- 3.1 The Authority is required to produce a mid-year report of Treasury Management activity in the current financial year.
- 3.2 Appendix 1, the mid-year Review Report 2022/23 meets the requirement of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code of Capital Finance in Local Authorities (the Prudential Code). The Authority is required to comply with both Codes through regulations issued under the Local Government Act 2003.

4. **EQUALITY IMPACT ASSESSMENT**

- 4.1 In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

- 5.1 The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

- 6.1 These are contained in the attached Appendix.

7. **ENVIRONMENTAL IMPLICATIONS**

- 7.1 There are no environmental implications arising from this report.

BACKGROUND PAPERS

Authority's Budget and Precept Report – February 2022

The contact officer for this report is Gary Taylor, Assistant Chief Fire Officer, telephone number 0121 380 6006.

MIKE GRIFFITHS
TREASURER

WEST MIDLANDS FIRE SERVICE



Treasury Management Strategy Statement and Annual Investment Strategy

Mid-year Review Report 2022/23

1. **Background**

The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning to ensure the Authority can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Authority risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. **Introduction**

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management has been adopted by this Authority.

The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
- Receipt by the Authority of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report covering activities during the previous year.
- Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Authority of the role of scrutiny of treasury

Official
management strategy and policies to a specific named body. For this
Authority the delegated body is the Audit and Risk Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first six months of 2022/23;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Authority's capital expenditure and prudential indicators;
- A review of the Authority's investment portfolio for 2022/23;
- A review of the Authority's borrowing strategy for 2022/23;
- A review of any debt rescheduling undertaken during 2022/23;
- A review of compliance with Treasury and Prudential Limits for 2022/23.

3. Economic update

- The second quarter of 2022/23 saw:
 - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;
 - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the fiscal event of the new Prime Minister and Chancellor on 23rd September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher

Official

energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.

- The fall in the composite PMI (a weighted average of the Manufacturing Output Index and the Services Business Activity Index) from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in ten months. That left sales volumes in August just 0.5% above their pre-COVID level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, expectation is to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.

- During the first half of the financial year, there has been a change of both Prime Minister and Chancellor. The new team have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's fiscal event, it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23rd September, expectation is for the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% -

5.75% priced into the financial markets at present.

- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

Official

Link Asset Services interest rate forecast

Treasury advisor, Link Asset Services, has provided the following forecast:

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

The forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

PWLB rate forecasts are based on the Certainty Rate which has been accessible to most authorities since 1st November 2012.

4. Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2022/23 was approved by the Authority on 14 February 2022. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

Prudential Indicator 2022/23	Original Prudential Indicator	Revised Prudential Indicator
Authorised Limit	£40m	£40m
Operational Boundary	£37m	£37m
Capital Financing Requirement (31.3.22)	£34m	£34m

5. The Authority's Capital Position (Prudential Indicators)

This section of the report provides an update on:

- The Authority's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

The table below shows the capital programme which was approved by the Authority 14 February 2022, it has since been revised to reflect the impact of capital expenditure and financing decisions in 2021/22. The forecast outturn position is as at 30th September 2022.

Capital Expenditure 2022/23	Approved Feb 2022 £000	Revised Estimate £000	Forecast Outturn £000
Land & Buildings:			
Boiler Replacement Programme	15	15	0
Roof Replacements	680	1,091	1,091
Windows & Door Replacements	683	683	669
Rewires	0	175	175
Drill Tower/Training Facilities	624	635	195
Other Building Modifications	0	11	10
Security Works	32	47	47
HQ Alterations	0	120	120
Occupational Health Works	0	17	12
Aston Fire Station	0	61	61
Vehicles:			
Vehicle Replacement Programme	3,191	3,576	3,086
ICT & Equipment:			
C+C Upgrade – Vision 4/ESMCP	0	149	149
Total	5,225	6,580	5,615

Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Authority by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure 2022/23	Approved Feb 2022 £000	Revised Estimate £000	Forecast Outturn £000
Total Spend	5,225	6,580	5,615
Financed by:			
Capital Receipts	0	0	0
Capital Grants / Contributions	0	74	74
Revenue Contribution to Capital	5,225	6,506	5,541
Total Financing	5,225	6,580	5,615
Borrowing Need	0	0	0

Changes to the Prudential Indicators for the CFR, External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – CFR

The Authority is on target to achieve the original forecast CFR.

Prudential Indicator – External Debt / the Operational Boundary

	2022/23 Original Estimate		2022/23 Revised Estimate
Prudential Indicator – CFR			
Total CFR (31.3.22)	£34m		£34m
Prudential Indicator – External Debt / the Operational Boundary			
Borrowing	£37m		£37m
Total debt 31 March 2022	£32m		£32m

Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Authority has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2022/23 Original Estimate	2022/23 Revised Estimate
Gross borrowing (Excluding Ex WMCC)	£30m	£30m
CFR (31.3.22)	£34m	£34m

The Treasurer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

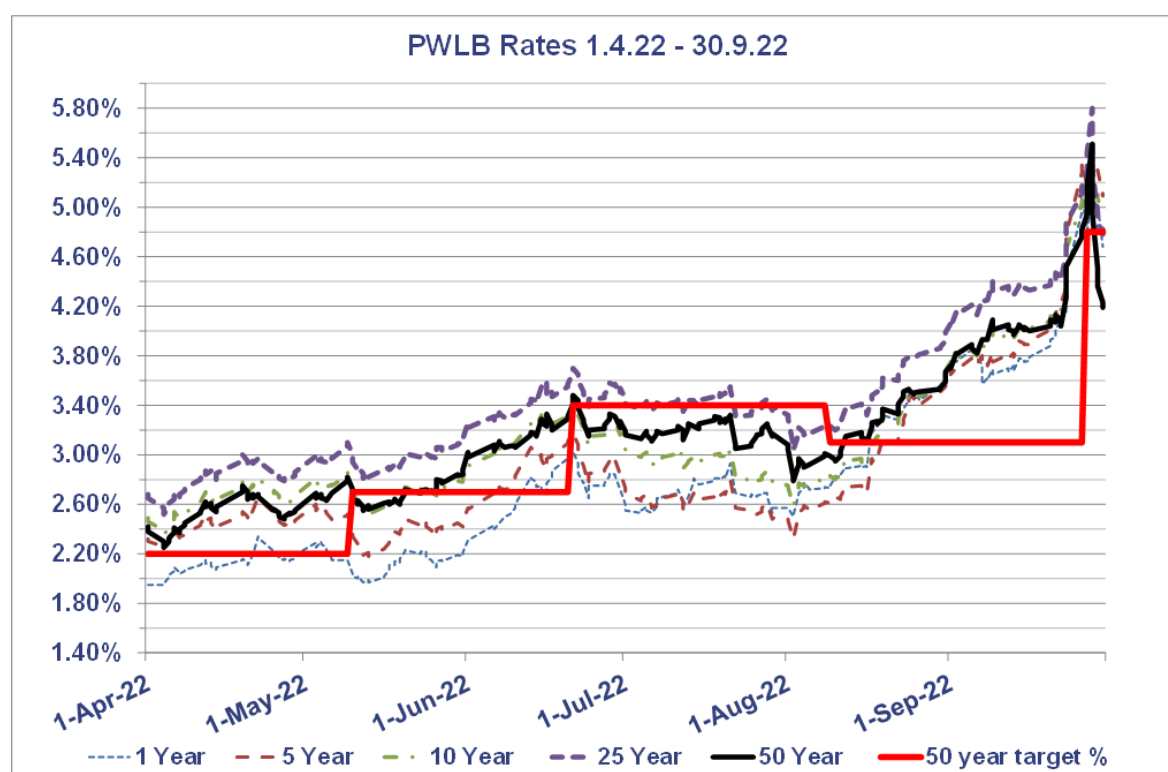
Authorised limit for external debt	2022/23 Original Indicator	2022/23 Revised Indicator
Borrowing	£40m	£40m

6. Borrowing

The Authority's CFR for 2022/23 is £34m (31.3.22). The CFR denotes the Authority's underlying need to borrow for capital purposes. If the CFR is positive the Authority may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

It is not anticipated that borrowing will be undertaken during this financial year however this requirement will be monitored by the Treasurer as part of the capital financing decisions.

The graph below shows the movement in PWLB rates for the first six months of the year:



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

7. Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2022, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2022. The Treasurer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in compliance with the Authority's Treasury Management Practices.

9. Investment Portfolio 2022/23

The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Authority on 14 February 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Authority's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Authority's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.

Investment Counterparty Criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

Investment Balances

The Authority held £52.2m of investments as at 30 September 2022 (£33.5m at 31 March 2022) and the investment portfolio yield for the first six months of the year is 1.35% against a benchmark average SONIA (Sterling Overnight Index Average) rate of 1.22%.

Official

The Treasurer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2022/23.

The Authority's budgeted investment return for 2022/23 is £0.120m, and performance for the year to date is estimated to be £0.420m above budget

10. Other

Changes in risk appetite

The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g., for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

28 NOVEMBER 2022

1. INTERNAL AUDIT – PROGRESS REPORT

Report of the Audit Services Manager [Sandwell MBC].

RECOMMENDED

- 1.1 THAT the Internal Audit Progress Report be noted.

2. PURPOSE OF REPORT.

- 2.1 To ask the Committee to note the issues raised from the work undertaken by Internal Audit so far in the current financial year.

3. BACKGROUND

- 3.1 The Internal Audit Progress Report contains details of the matters arising from internal audit work undertaken so far in the current year. The purpose of the report is to bring the Committee up to date with the progress made against the delivery of the 2022/23 Internal Audit Plan. The information included in the progress report will feed into, and inform, the overall opinion in the Internal Audit Annual Report issued at the year end.

- 3.2 It summarises the audit work undertaken in a tabular format, and includes:

- the areas subject to review (Auditable Area).
- the level of risk to the Authority assigned to each auditable area (high, medium or low).
- the number and type of recommendations made as a result of each audit review.
- the number of recommendations accepted by management.
- the level of assurance given to each system under review.
- details of any key issues arising from the above.

4. **EQUALITY IMPACT ASSESSMENT**

- 4.1 In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

- 5.1 The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

6. **FINANCIAL IMPLICATIONS**

- 6.1 There are no direct financial implications arising from this report.

BACKGROUND PAPERS

None.

Peter Farrow
Audit Services Manager, Sandwell MBC

Internal Audit Progress Report as at 31 October 2022 Audit and Risk Committee – 28 November 2022



1. Introduction
2. Summary of work completed and in progress
3. Issues arising
4. Other activities
5. Service quality questionnaire feedback

1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2022/23 Internal Audit plan.

The information included in this progress report will feed into and inform our overall opinion in our Internal Audit annual report issued at the year end.

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Reasonable	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

Priority rating for issues identified		
Fundamental action is imperative to ensure that the objectives for the area under review are met.	Significant requires action to avoid exposure to significant risks in achieving the objectives for the area under review.	Merits attention action is advised to enhance risk mitigation, or control and operational efficiency.

2 Summary of work in progress as at 31 October 2022

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Completed:							
Freedom of Information	Medium	0	1	1	2	2	Substantial
Fixed Asset Accounting/Asset Planning	KFS	0	0	0	0	NA	Substantial
In progress:							
To be started:							
Risk Management	High						
Governance	High						
Partnerships	Medium						
IT	High						
Data Protection	High						
Payroll	KFS						
Accounts Receivable	KFS						
Accounts Payable	KFS						

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Budgetary Control	KFS						

Key: KFS = Key Financial System
ANA = Audit Needs Assessment
Draft = Draft report issued to client and awaiting formal response
NA = Not Applicable

3 Issues arising

Freedom of Information

A review was undertaken to provide assurance that adequate controls were in place for the dealing with and responding to Freedom of Information requests. One issue of significance was identified relating to requests not being responded to within the designated 20-day timeframe. We are awaiting a management response to the draft report. A management response has been received confirming agreement of the report and an action plan provided detailing how they will be implemented.

Fixed Asset Accounting/Asset Planning

An audit of fixed asset accounting was undertaken in respect of planned capital expenditure. The review was undertaken to provide assurance that an appropriate process was in place to maintain details of fixed assets and to record them correctly in the accounts. No issues of significance were identified.

4 Other activities

Advice and Guidance

We provide on-going advice and guidance to the authority to assist with the continuous improvement of the overall control environment.

CIPFA – Audit Committee Updates

We continue to present the regular CIPFA Audit Committee Updates to the Audit and Risk Committee.

Internal Audit Plan 2022/23

We submitted the Internal Audit annual plan for 2022/23 to the committee for approval at the March 2022 meeting.

Internal Audit Annual Report 2021/22

We presented the Internal Audit annual report for 2021/22 to the committee for comment and approval at the June 2022 meeting.

Counter Fraud

We continue to lead on the Cabinet Office's National Fraud Initiative and their other associated fraud related activity (such as the Annual Fraud Survey), on behalf of the authority and to provide the main point of contact for any investigations into potential fraudulent activity.

5 Service quality questionnaire (SQQ) feedback

Feedback to be provided when completed SQQs are received.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

28 NOVEMBER 2022

1. REGULATOR SUPERVISORY REPORT - UPDATE

Report of the Clerk

RECOMMENDED

- 1.1. THAT Members note the agreed Action Plan shared with The Pension Regulator on 11 November 2022 (see Appendix 1), including specific Actions for the Committee.
- 1.2. THAT Members agree to receive updates on progress and provide input on the action plan over the next three months via e-mail, with a full update to be received at the March 2023 A&R Committee meeting.
- 1.3. THAT Committee agree to invite The Pension Regulator (the Regulator) to attend the March 2023 A&R Meeting to participate in the update discussion.

2. PURPOSE OF REPORT

- 2.1 To inform members of the final submitted Action Plan produced in response to the Supervisory Report.
- 2.2 To agree the process by which Audit and Risk Committee, as the Scheme Manager, will take forward its actions and receive updates on progress against the Action plan within the required six-month timescale set by the Regulator.

3. BACKGROUND

- 3.1 In September 2022, the Regulator provided their 2020-21 Supervisory Report for the West Midlands Firefighters' Pension Scheme. It covered the period March 2020 - March 2021 but had

been delayed as a result of COVID-19. It set out a number of recommendations for improvement to the systems and processes, management, and governance of the scheme, and required the Scheme Manager to create an Action Plan within one month, to be implemented within six months. In recognition of meeting timetables, the Regulator agreed to a submission deadline of 11 November.

- 3.2 The Supervisory Report was shared with Audit and Risk Committee, in their role as Scheme Manager, on 26 September 2022. It was agreed on that date that Officers would create a draft action plan to receive input from both Audit and Risk Committee and the Pension Board. Discussions took place at a specially convened Pension Board on 20 October 2022 (with the Regulator also in attendance), and a draft Action Plan was shared with Audit and Risk Committee members on 21 October 2022.
- 3.3 The Report was finally signed off by Councillor Catherine Miks as Chair of the Audit and Risk Committee and submitted on 11 November. The Regulator have confirmed receipt and are currently reviewing the plan for approval.
- 3.4 Once agreed, the Regulator will plan catch up appointments with the Scheme Manager and Pension Board at three months and six months.
- 3.5 The Committee will note a number of items require Scheme Manager input – it is proposed that this will be done outside of meetings via e-mail, with a full update on progress brought to the March 2023 Audit and Risk Committee, with the Regulator invited to contribute.
- 3.6 It should be noted that as the Action Plan relates to the 2020-21 Supervisory Report it does not currently include more recent issues highlighted to the Audit and Risk Committee at previous meetings. The Independent Investigation into these matters, which is currently underway, will provide recommendations which can be incorporated into the Action Plan. The Regulator has also requested updates on the progress of the investigation and any findings and recommendations upon its completion.

4. EQUALITY IMPACT ASSESSMENT

- 4.1 In preparing this report an initial Equality Impact Assessment has not been undertaken but EIAs may be necessary for some of the individual actions contained within the Action Plan.

5. LEGAL IMPLICATIONS

- 5.1 The Pension Regulator is the statutory regulator of public sector pension schemes such as the West Midlands Firefighters' Pension Scheme. Supervision is the process by which the Regulator monitors schemes more closely, outlining expectations, and preventing problems from developing. Supervision involves building strong relationships with schemes regardless of whether they trigger traditional risk indicators. However, significant concerns and recommendations that are not fulfilled can be taken forward for enforcement action.

6. FINANCIAL IMPLICATIONS

- 6.1 There may be a number of financial implications as a consequence of implementing the actions, for example as a result of introducing new digital systems or making improvements to communications.

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 Moves towards digital approaches may present opportunities to reduce paper usage.

BACKGROUND PAPERS

The Pension Regulator Supervisory Review Report – September 2022

The contact for this report is Tom Embury, Deputy Clerk.

Karen Gowreesunker
CLERK TO THE AUTHORITY

APPENDIX 1

The Pensions Regulator Supervisory Report to the West Midlands Firefighters' Pension Scheme Manager and Pension Board

Recommendations – Action Plan

Ref	Date	Subject	Action	Responsible	Completion date / Suggested timeframe	Status [Ongoing / Completed]
A1	11/11	Skills and Training	Pension Board (PB) and Scheme Manager (SM) to undertake Training Needs Analysis to set a baseline for development of future training plans. Previous templates exist that can be used.	Pension Board Chair and Scheme Manager	Undertaken by January 2023	Ongoing
A2	11/11	Pension Board Training and skills	PB to formalise their training plan, to be reviewed at least yearly, which will cover emerging themes, such as cyber security. This will be published on a joint Pension Board filing system/Teams site (see Recommendation D1) to ensure all PB member can review as required and bring forward suggestions for training and development.	Pension Board Chair	Implemented by February 2023	Ongoing
B1	11/11	Pension Board Succession	Clerk and PSS to develop a succession plan for both Scheme Member and Employer representatives, including undertaking a revision of role descriptions. This will include a proposal for hand-over between departing representatives and their replacements.	Clerk and PSS supported by Pension Board	Implemented by March 2023	Ongoing
B2	11/11	Pension Board Succession	PB and SM to review Terms of Reference with regards to representative tenures to ensure these are staggered and include a suitable handover period.	Pension Board Chair and Scheme Manager	Implemented by February 2023	Ongoing

Ref. AU/A&R/2022/Nov/91711222

OFFICIAL

OFFICIAL

C	11/11	Pension Board Composition	Review appointment/election communications for Pension Board representatives to ensure they encourage diversity amongst the Pension Board membership and encourage the widest possible number and range of candidates to apply. TPR Equality, Diversity and Inclusion guidance to be utilised.	PSS/Pension Board/Portfolio Team	Implemented by January 2023	Ongoing
D1	11/11	Pension Board Information Sharing	Review communications to Pensions Board and Scheme manager and ensure updates are provided when required.	Portfolio and Administration Teams	Implemented by February 2023	Ongoing
D2	11/11	Pension Board Information Sharing	Pension Board members to review information sharing arrangements and PB representatives' views on information sharing, knowledge and skills, with input from Scheme Manager.	Pension Board and Scheme Manager	Held at March 2023 Pension Board meeting, with report into Audit and Risk Committee in March 2023	Ongoing
E1	11/11	Business Continuity Planning	Pensions Board to receive a report on current BCP arrangements and testing and review their effectiveness with a view to making recommendations to Scheme Manager on whether a bespoke BCP outside existing WMFS arrangements is necessary.	Pensions Board Chair and Pensions Manager	Update to December Pensions Board Meeting, report to Scheme Manager at March 2023 Audit and Risk Committee meeting	Ongoing
E2	11/11	Business Continuity Planning	Pension Administration Team to develop and share with the Scheme Manager and Pension Board a set of procedural notes for key pensions administration tasks. Content may be impacted by implementation of remedy.	Pensions Administration Team	Update to March 2023 Audit and Risk Committee Meeting – subject to Remedy roll out.	Ongoing

OFFICIAL

F	11/11	Information Sharing between SM, PB and Pension Administration Team	Written (rather than verbal) reports to be provided by the Pension Team on key issues to both the Pension Board and Scheme Manager as a standing item for all meetings.	Pensions Administration Team	To begin from March 2023 Audit and Risk Committee	Ongoing
G	11/11	Conflicts of Interest	Conflict of Interest Register, based on the TPR template, to be created and stored on system where all PB members have access. Will be a standing item for all PB meetings. This document to be shared with The Pension Regulator.	Portfolio Team and Pensions Board	To begin from implementation of new system as of February 2023	Ongoing
H1	11/11	Risk Management	<p>PB Risk Register Sub Group to consider TPR recommended changes or improvement in formatting of the Risk Register:</p> <ul style="list-style-type: none"> • utilising a cover sheet to provide a snapshot of the current risks, helping to clearly identify the current major risk(s) to the Scheme. The Scheme may wish to identify emerging risks in this location as well. • ensuring all risks have mitigating actions and owners • documenting closed risks <p>Incorporate relevant WMFS Corporate Risks within the PB Risk Register, to include Cyber Security (CR 7.3).</p>	Pensions Board RR sub group	Completed by January 2023	Ongoing
H2	11/11	Risk Management	PB Risk Register to be incorporated into Audit and Risk Committee risk updates.	Scheme Manager	To begin from March 2023 A&R Meeting	Ongoing
I	11/11	Digitisation of records	All records to be digitised and accessible to support data collection.	Pensions Manager supported by Data and Governance Team	Completed	Completed

OFFICIAL

J	11/11	Data Improvement policy	Pensions Team to work with Data and Governance team on ensuring a Data Improvement Policy is in place for Pensions Data, either drawing on existing policy or developing a new policy if required. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team & Data and Governance Team	Completed following implementation of new Altair system March 2023	Ongoing
K	11/11	Data Improvement Plan	Pensions Team, drawing on the Annual Data Review (Action L) to develop a Data Improvement Plan for any areas where data scores are not complete. This to be reported to both Scheme Manager and Pension Board, and shared with TPR. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team	Following completion of Annual Data Review	Ongoing
L	11/11	Annual data review	Pensions Team to undertake a pension data review, to assess the accuracy and completeness of member data, to be reported to the Pension Board and Scheme Manager.	Pensions Administration Team	Completed by March 2023	Ongoing
M	11/11	Recording data scores	Pensions administration team to record common and scheme specific data scores gathered as part of the Annual Data review (Action L) in Exchange as part of annual return to The Pension Regulator.	Pensions Administration Team	Completed by March 2023	Ongoing
N1	11/11	Review of KPIs	Scheme Manager to inform Pensions Board which KPIs it wishes to have developed and to receive regular updates on. PB to develop and agree with Pensions Team, and utilise a traffic light system (RAG).	Scheme Manager, Pensions Board Chair and Pensions Administration Team	Completed by February 2023	Ongoing
N2	11/11	Supporting narrative to KPs	All Key Performance Indicators (provided with RAG rating) to be accompanied by appropriately detailed written narrative (which may be provided alongside a verbal	Pensions Administration Team	Completed by March 2023	Ongoing

			update). This narrative to be provided to both the Scheme Manager and the Pension Board			
O	11/11	Documentation of Data validation procedures	Upgrade to ALTAIR information system will allow Scheme Members to update their own contact details. All members to be contacted by post to inform them of new system, with further investigation of failed deliveries. Update to be given on time frames for the new system / implementation to PB in December by Pension Team.	Pensions Administration Team	Update in December 2022, Completed by March 2023	Ongoing
P	11/11	Pension Process Automation	Pensions Team to provide a report to the Scheme Manager on automation and systems improvements achieved by implementation of ALTAIR system once in place.	Pensions administration team	Completed by March 2023	Ongoing
Q1	11/11	Administrative Task Timescales	Pensions Team to provide a report to the Scheme Manager setting out the expected task timescales (e.g., responses to queries), which will also be shared with Pension Board.	Pensions administration team	Completed by March 2023	Ongoing
Q2	11/11	Firefighter Pensions SAB Pensions Administration Strategy	Pensions Board to utilise FPS Administration, Management, and Governance Strategy template to create single documentation of roles and services standards. Document to be agreed by Scheme Manager and published on the WMFRA CMIS site.	Scheme Manager, Pension Board, Pension Team, Portfolio Team	Completed by March 2023	Ongoing

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**AUDIT AND RISK COMMITTEE****28 NOVEMBER 2022****1. ANNUAL REPORT OF THE PENSION BOARD 2021/22**

Report of the Chair of the Pension Board.

RECOMMENDED

- 1.1 THAT the Committee approves the Annual Report of the Pension Board 2021/22.

2. PURPOSE OF REPORT

- 2.1 This report is submitted to Members to seek approval to the Annual Report of the Pension Board 2021/22.

3. BACKGROUND

- 3.1 Enabling the Audit and Risk Committee in its role as Scheme Manager, to be fully effective in comprehending and assessing compliance of regulation relating to the governance of the Pension Schemes; the Pension Board present an annual report of its activities.
- 3.2 The Pension Board maintained its functioning throughout the COVID-19 pandemic. It met virtually to ensure business continuity of its role and reporting to the Audit and Risk Committee as a Standing Committee of the Authority.

4. EQUALITY IMPACT ASSESSMENT

- 4.1 In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

- 5.1 The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

6. **FINANCIAL IMPLICATIONS**

- 6.1 The Accounts and Audit Regulations Act states that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

BACKGROUND PAPERS

Minutes of Pension Board submitted to the Audit and Risk Committee within the period covered by the Annual Report 2021/22.

Chair of the Pension Board

Annual Report of the Pension Board 2021/22

1. Background

The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013 is to-

- Assist the Scheme Manager:
 - to secure compliance with the Scheme regulations and any other legislation relating to the governance and administration of the Firefighters' Pension Scheme ("the Scheme").
 - to secure compliance with requirements imposed in relation to the Scheme by the Pensions Regulator.
 - in such other matters as the Scheme regulations may specify.
- Secure the effective and efficient governance and administration of the Scheme for the West Midlands Fire & Rescue Authority.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure that the Scheme is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

The full Terms of Reference for the Board can be found at Appendix A of this report.

2. Meetings

During 2021/22 the Board met on the following dates:

- Wednesday 08 September 2021
- Friday 10 December 2021
- Monday 28 March 2022
- Friday 10 June 2022*

3. Attendance

Name	08/09/21	10/12/21	28/03/21	10/06/22*
Neil Chamberlain (Chair of the Board)	✓	✓	✓	✓
Wendy Browning-Sampson (Employer Representative)	✓	N/A	N/A	N/A
Julie Felton (Employer Representative)	✓	✓	✓	✓
Adam Harper (Employee Representative)	✓	✓	✓	X
Emmett Robinson (Employee Representative)	✓	✓	✓	N/A
Kal Shoker (Employer Representative)	✓	✓	✓	✓
Alan Tranter (Employee Representative)	✓	✓	X	X
Samantha James	N/A	N/A	N/A	X

*This meeting was inquorate, and all matters were deferred to the next meeting of the Pension Board.

4. The Pension Board's business

During the year the Pension Board conducted the following business:

Submission of The Pension Regulator Governance Survey 2021

Receipt and scrutiny of updates from the WMFS Pension Advisor

Compilation and regular evaluation of the Risk Register

Monitoring of Firefighter Pension Schemes Bulletins and progress actions arising

Completed annual training with LGA Pension Advisor

Monitored High Court rulings and changes to legislation

Utilised digital technology to ensure Business Continuity of meetings during Covid-19 pandemic

Embedded integrity of advisory role of Pension Board and decision making role of Scheme Manager

Established focus upon outcomes of McCloud/Sargeant consultation (Fire) and constancy of skills to respond to Pension Schemes Members and Scheme Manager

5. The Pension Board's main achievements

The Pension Board believes its key achievements during the year 2021/22 were:

- Continuing to build a good working relationship with the Audit and Risk Committee as the Scheme Manager
- Receiving and reviewing the regular sector updates from The Pension Regulator and progressing actions arising
- Reviewing the Committee's Terms of Reference to ensure they remain fit for purpose.
- Maintaining functioning of Pension Board during the COVID-19 pandemic via digital meetings to enable continuity of business
- The Board have met quarterly during the 2021-22 Municipal Year to discuss key topics such as Remedy and oversaw the development of the Pensions Board 'Risk Register'.
- Regular consideration and review of the Pension Board Risk Register and accompanying assurances, including timely updates and monitoring
- The continued presence of the WMFS Pension Advisor and Chair of the Audit & Risk Committee
- Succession plan for replacement of Board members to ensure continuity and quorum met
- Appropriate challenge and escalation of issues/decisions made by WMFS in relation to pension administration
- Development of annualised workplan with designated Pension Board leads assigned

6. Pension Issues

A number of issues arose with the Pension Scheme towards the end of the 2021/22 municipal year. These concerned four main areas:

- PAYE
- Calculation of April 2022 Payments
- Data Breach associated with May 2022 Payslips
- Incorrect figures used in communication to members

These have been raised at subsequent meetings and at meetings of the Audit and Risk Committee and are subject to an ongoing Independent Investigation. Given the ongoing nature of the investigation and the fact that most of these issues arose after the end of the 2021/22 municipal year, these matters will be addressed in the 2022/23 Annual Report of the Pension Board.

**Terms of Reference for the Pension Board
of the West Midlands Fire & Rescue Authority**

Terms of Reference and Delegated Authorities.

Introduction

This document outlines the terms of reference for the local Pension Board of the West Midlands Fire & Rescue Authority.

Role of the Pension Board

The role of the local Pension Board as defined by section 5(1) and (2) of the Public Service Pensions Act 2013 is to-

- Assist the Scheme Manager:
 - to secure compliance with the Scheme regulations and any other legislation relating to the governance and administration of the Firefighters' Pension Scheme ("the Scheme").
 - to secure compliance with requirements imposed in relation to the Scheme by the Pensions Regulator.
 - in such other matters as the Scheme regulations may specify.
- Secure the effective and efficient governance and administration of the Scheme for the West Midlands Fire & Rescue Authority.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also ensure that the Scheme is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

Appointment of Member of the Pension Board

The process for selecting members of the Pension Board is set out below:-

The Fire Service will consider matters such as who is eligible to stand, how the nomination process will work and what sort of information candidates will need to submit. The Service will appoint through election or selection with the rules of governing the process. The Fire Authority has an independent chair who will chair the Pension Board meetings, this role will be an independent role.

The Pension Board shall consist of 7 members and be constituted as follows:-

- i) 3 employer representatives, which have been identified, and appointed
- ii) 3 scheme member representatives, which have been identified, and elected and of which one should be a retired member
- iii) 1 independent chair selected.

Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Board's membership.

The Chair of the Pension Board will be determined by the Scheme Manager. It will be the role of the Chair to ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

The term of office for the Chair will be determined by the Scheme Manager.

Each employer representative and scheme member representative so appointed shall serve for a fixed period (of up to three years) which can be extended for further period(s) subject to re-nomination and/or election.

Each Board Member should endeavour to attend all Board meetings during the year and is required to attend at least 2 meetings each year. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by:

Scheme Member representatives recommendation by the other scheme member representatives and the unanimous agreement of all of the other members.

Employer representatives by the decision of the Service or on leaving the employment of the Service.

The removal of the independent member requires the consent of the Scheme Manager.

The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience. Notwithstanding the appointment of co-opted members, the majority of the Board shall be comprised of employer and Scheme member representative, represented in equal number.

Quorum

The Board shall have a formal quorum when at least one scheme member representative and one employer representative are in attendance.

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

Advisors and co-opted persons do not count towards the quorum.

Conflicts of Interest

The policy for identifying conflicts of interest is set out in a separate policy document. Any conflicts of interest that would prevent you from carrying out the role effectively will need to be highlighted to the Service.

Board Review Process

The Board will undertake at the first meeting of the year, a formal review process to assess how well it and its committees and the members are performing with a view to seeking continuous improvement in the Board's performance.

Advisers to the Board

The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:-

- A Governance Adviser.
- The Fund's Actuary.
- The Fund's Administrator.
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.

The Board shall ensure that the performance of the advisers so appointed are reviewed on a regular basis.

Knowledge and Skills

The Code of Practice No. 14 Governance and Administration of public service pension schemes states "A member of the Pension Board must have a working knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the function of their role. Pension board members should be aware of the range and extent of the law relating to pensions which apply to their Scheme and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties".

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members should regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Pension Board members will be expected to attend training to ensure that their knowledge and skills are maintained.

Board Meetings – Notice and Minutes

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board or Board Committee, they shall be circulated to all members of the Board and forwarded to the Scheme Manager.

There will be four Pension Board meetings a year to be held quarterly monthly. The minutes of the Pension Board will be approved by the Scheme Manager and shared with pension scheme members.

Remit of the Board

The Pension Board must assist the Scheme Manager with such other matters as the Scheme regulations may specify. It is for Scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails.

Standards of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore the 'seven principles of public life will be applied to all Pension Board members and embodied in their code of conduct.

These are:-

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership.

Decision Making

Each elected/appointed member of the Pension Board will have an individual voting right but it is expected the Pension Board will, as far as possible, reach a consensus. The Independent Chair of the Pension Board will not have voting rights.

Publication of Pension Board Information

Scheme Members and other interested parties will want to know that the Scheme is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with Scheme regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

Up to date information will be posted on the West Midlands Fire & Rescue Authority website showing:-

- The names and information of the Pension Board members.
- How the Scheme members are represented on the Pension Board.
- The responsibilities of the Pension Board as a whole.
- The full terms of reference and policies of the Pension Board and how they operate.
- The Pension Board appointment process.
- Who each individual Pension Board member represents.
- Any specific roles and responsibilities of individual Pension Board members.

Pension Board papers, agendas and minutes of meetings will be published on the West Midlands Fire & Rescue Authority website (CMIS). These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they are deemed as being confidential for the purposes of the Data Protection Act 1998, and other relevant data protection legislation (such as General Data Protection Regulations).

The Scheme Manager will also consider requests for additional information to be published or made available to individual Scheme members to encourage Scheme member engagement and promote a culture of openness and transparency.

Accountability

The Pension Board will be collectively and individually accountable to the Scheme Manager.

Expense Reimbursement [Remuneration and Allowances]

There will be no specific remuneration for undertaking the role of representative on the Local Pension Board. However, travel expenses in line with public transport or car mileage may be claimed with a valid receipt.

Reporting Breaches

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.

Definitions

The undernoted terms shall have the following meaning when used in this document.

"Pension Board" or Means the local Pension Board for the Fire Authority "Board" as required under the Public Service Pensions Act 2013.

"Scheme Manager" Means the West Midlands Fire & Rescue Authority as administering authority of the Pension Fund.

"Chair" Reference to duties to be performed, or authorise exercised, by the Chair.

"Scheme" Means the Firefighters' Pension Schemes.

Interpretation

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.

Pensions Board

Item 11

28 March 2022 at 14:00 hrs by Digital Meeting

Attendance:

Chair: Neil Chamberlain – West Midlands Police

Employer Representatives:

Julie Felton

Kal Shoker

Cllr Miks (Chair of Audit Committee)

Employee Representatives:

Adam Harper

Emmett Robertson

Officers in attendance:

Tom Embury – Deputy Clerk to the Authority

Paul Gwynn – Pensions Advisor

Kirsty Tuffin – Democratic Services Officer

1. Apologies

Apologies were received from Alan Tranter.

Please note: Members were advised that Tom Embury, Deputy Clerk to the Authority, would be attending Board meetings on behalf of Karen Gowreesunker, Clerk to the Authority moving forward.

2. Minutes of the Previous Pension Board held on 10 December 2021

Resolved:

1. That the minutes of the Pension Board held on 9 June 2021 be approved as a correct record of proceedings.

3. Chair's Introductions

The Chair advised the Board that he would be retiring in June 2022 and therefore would be stepping down as Chair of the Board. An appointment had been made to fill his position and if agreed with Mike Griffiths would be the new Chair of the Pensions Board following the Chair's retirement. He praised the Board Members for all their contributions and hard work over the years in developing the Board to the standard it had become.

Resolved:

1. That the Chair's introductions be noted.

4. Pension Board Terms of Reference

The Chair of the Board provided an overview of the Pensions Board Terms of Reference. The Board were advised that no changes had been made since its last approval and it was felt that the Terms of Reference had still been an accurate display of the work undertaken by the Board.

Resolved:

1. That the Pension Board Terms of Reference be noted.

5. Chairs Verbal Update on the Annual Report of the Pensions Board 2021-2022

The Chair of the Board provided an overview of the planned layout for the Annual Report of the Pension Board for 2021-2022. The Board were advised that the report would contain the following:

- The Background of the Board
- Attendance at meetings
- The work conducted by the Board throughout 2021-2022
- Summary from the Chair of the Board and how Members have supported the Board

The Board were advised that the report would be circulated to Members before the next meeting for any comments/feedback. The Chair thanked Members for the attendance at the Board meetings as it showed the level of commitment from Members.

Resolved:

1. That the Chairs verbal update on the Annual Report of the Pensions Board 2021-2022 be noted.

6. Risk Register – Annual Review

Julie Felton, Employer Representative, presented the Risk Register – Annual Review that outlined the key risk areas, categorised and scored against their likelihood to occur and the impact that would have.

The Board were advised that, as agreed at the last Board meeting, herself, Paul Gwynn and Alan Tranter met to review the Risk Register the previous week and they key risks for discussion from the Board had been highlighted in yellow. The following changes to the Risk register were agreed:

- 3b – remove reference to signatory lists rather than remove to ensure there had been a trail of payments.
- Risk 10 – increased likelihood
- Risk 11 – risk raised to highest risk rating
- Risk 18 – increased risk due to the McCloud changes as there had been a risk if not correctly implemented.
- Risk 19 – increased due to the volume of information required to be issued to Members
- Risk 10 – increased
- All sections highlighted in grey to be removed.

The Board were advised that Risk 6 likelihood had been increased as the work had not been completed and would take place over the upcoming months. This work would be incorporated alongside the move to the new system and would enable all members to be contacted as previously only those deemed high risk had been contacted annually and p60s circulated to all members annually. Internal Auditors had reviewed this a year ago and raised no concerns. It was agreed that the Pensions Board would see the outcomes of the next Internal Audit Progress report scheduled to take place in upcoming months.

Following queries around risk 18 and resources, Paul Gwynn re-assured Members that although the risk had been complex, the service had been managing this. Regular meeting would be taking place with Mike Griffiths, Strategic Enable – Finance, external companies and technical advisory Board meetings.

Following discussions on the potential rating of Risk 21, Paul Gwynn advised the Board that the number of those affected had expected to be roughly 20 individuals as it had been the Individual Brigades responsibility so only the retained Firefighters for the West Midlands would be looked into. It was agreed that Adam Harper and Paul Gwynn would meet to discuss how this information could be incorporated through the Comms team to help individuals understand. It was agreed that Julie Felton, Alan Tranter and Paul Gwynn would meet to discuss the risk in further detail and circulate to the Board Members to decide on the overall rating for the Board before the next Audit and Risk Committee meeting for its discussion at the Committee. It was agreed that Kirsty Tuffin, Democratic Services Officer, would circulate the Audit and Risk Committee dates to Julie Felton. Cllr Miks, Chair of the Audit and Risk Committee, advised the Board that as the elections would be taking place on Thursday 5 May 2022, it had been uncertain if she would remain at the Chair of the Audit and Risk Committee but had confidence with the diligence of officers to ensure this actioned.

Resolved:

1. That the Risk Register – Annual Review, be approved.
2. That it be agreed that the Pensions Board would see the outcomes of the next Internal Audit Progress report scheduled to take place in upcoming months.
3. That it be agreed that Julie Felton, Alan Tranter and Paul Gwynn would meet to discuss risk 21 in further detail and circulate to the Board Members to decide on the overall rating for the Board before the next Audit and Risk Committee meeting.
4. That it be agreed that Kirsty Tuffin, Democratic Services Officer, would circulate the Audit and Risk Committee dates to Julie Felton.

7. Recruitment – Verbal Update

Tom Embury, Deputy Clerk to the Authority, provided a verbal update on the recruitment process for both the employee and employer representatives vacancies held on the Board. The Board were advised that the Strategic Enabling Team had been made aware and Shirley Haines, Strategic HR Manager, would be processing the recruitment process forward. A further update would be provided via the Pension Board Teams Channel and at the next Pension Board Meeting. It was agreed that a timeline for the recruitment process be provided at the next Board Meeting.

The Chair of the Board thanked Emmett Robertson for their hard work and dedication whilst being a member of the Pension Board.

Resolved:

1. That the verbal update on the recruitment for both the employee and employer representatives' vacancies held on the Board, be noted.
2. That it be agreed that a further update on the recruitment of both employee and employer representatives' vacancies be provided via the Pension Board Teams Channel and at the next Pension Board Meeting.
3. That it be agreed that a timeline for the recruitment process be provided at the next Pension Board Meeting.

8. Business as Usual Performance Update

Paul Gwynn, Pensions Advisor, presented the Business-as-Usual Performance update that outlined the basic demographics, activity levels/performance and the Internal Dispute Resolution Procedure.

The key figures, as at 25 March 2022, highlighted to the Board were:

- Active Firefighters = 1,392
- 1992 Members = 40
- 2006 Members = 1
- 2015 Members = 1,219
- Non-Members = 132
- Pensioners = 2,205
- Dependants = 428

The Board were advised that overall, around 10% of the workforce had not been a part of the scheme.

They key activity levels for 01 April 2021 to 31 March 2022 compared with levels from 01 April 2020 to 31 March 2021 highlighted were:

	01 April 2021 to 31 March 2022	01 April 2020 to 31 March 2021
Age Retirements	79	63
Transfers to other brigades	2	3
Transfer applications	17	21
Request for Estimate Benefits	56	74
Divorce cases	13	24
General Information	9	28

The Board were advised that although the divorce cases had risen at the start of the pandemic in March 2020, the average response time (days) had not significantly increased from 31 (days) between 01 April 2020 to 31 March 2021 to 33 (Days) between 01 April 2021 to 31 March 2022.

The Board were advised that under the Internal Dispute Resolution Procedure, 7 cases had been received and responded to by the Strategic Enable for Finance, with one case that had the potential to be progressed to the Pension Ombudsman. 3 further cases had been resolved by the Scheme Manager following the intervention of the Chief Fire Officer and 2 further cases as a result of the McCloud ruling.

Following queries, Paul Gwynn advised the Board that although his team did not have a breakdown of the members job roles, that FBU representatives could contact Workforce planning to obtain figures if they wished to do so. Paul Gwynn advised the Board that Alan Tranter had been a member of the Scheme Advisory Benchmarking Committee that would be able to obtain national figures to compare to the services. If Members were interested there had been a vacancy on the Scheme Advisory Benchmarking Committee.

Following queries around the 132 Non-Members, Paul Gwynn advised the Board that all 132 Members had been 'opt-outs' as all new employees are auto-enrolled into the scheme and are advised to seek financial support should they ask to be opted out of the scheme. It was agreed that a further update on the opt-outs and the length of time within the scheme be provided at the next Board Meeting.

Resolved:

1. That the Business-as-Usual Performance update be noted.
2. That it be agreed that a further update on the opt-outs and the length of time within the scheme be provided at the next Board Meeting.

9. Pension Board Work Programme 2022-2023

The Chair of the Board provided an overview of the Pension Board Work Programme for 2022-2023 that outlined the planned Pension Board agenda items for the next municipal year.

Following questions, Paul Gwynn advised the Board that no further updates were available in regard to the Immediate Detriment since the Chief Fire Officers internal Yammer post and that it had been anticipated that the new system for member self-service would be ready around June/July 2022.

Resolved:

1. That it be agreed that the Pension Board Work Programme 2022-2023 be noted.

10. Date of the next meeting

Resolved:

1. That the date of the next meeting, scheduled to take place on Friday 10 June 2022 – 2pm, be noted.

The Pension Board meeting ended at 15:15hrs.

Pensions Board

Item 12

10 June 2022 at 14:00 hrs by Digital Meeting

Attendance:

Chair: Neil Chamberlain – West Midlands Police

Employer Representatives:

Julie Felton

Kal Shoker

Employee Representatives:

Officers in attendance:

Tom Embury – Deputy Clerk to the Authority

Mike Griffiths - Strategic Enabler – Finance and Data

Paul Gwynn – Pensions Advisor

Kirsty Tuffin – Democratic Services Officer

1. Apologies

Please note: The Pension Board was not quorate and therefore, all items on the agenda be deferred to the next Pension Board Meeting.

The Chair of the Board expressed disappointment in the lack of employee representation at the meeting as he felt that the agenda would have provided ample opportunity for discussion on key issues with management representation in attendance at the meeting. He wished to thank all Board Members, Paul Gwynn and Strategic Hub for their support whilst he had been in post as he would be retiring from West Midlands Police on 26 June 2022. He asked that a statement update, and timeline be circulated to Members of the Board on the four key topics and communications issued to pensioners that would have been discussed at the meeting. An additional meeting would be looked into being arranged prior to the September meeting, if feasible.

Mike Griffiths, Strategic Enabler – Finance and Data, and Members of the Board praised Neil for his dedication and hard work conducted as Chair of the Board.

2. Declarations of interest

3. Minutes of the Previous Pension Board held on 28 March 2022

1. That the minutes of the Pension Board held on 9 June 2021 be deferred to the next Pension Board Meeting.

4. Chair's Introductions

1. That the Chair's introductions be deferred to the next Pension Board Meeting.

5. Business as Usual Performance Report

1. That the Business-as-Usual Performance Report be deferred to the next Pension Board Meeting.

6. Recruitment

1. That the recruitment update be deferred to the next Pension Board Meeting.

7. Annual Report of the Pensions Board 2021-22

1. That the Annual Report of the Pension Board 2021-22 be deferred to the next Pension Board Meeting.

8. Risk Register – RED Rated Items

1. That the Risk Register – RED Rated Items be deferred to the next Pension Board Meeting.

9. New System/Automation of Process Verbal Update

1. That the New System/Automation of Process Verbal update be deferred to the next Pension Board Meeting.

10. Annual Benefits Statements Update

1. That the Annual Benefits Statements update be deferred to the next Pension Board Meeting.

11. Pension Board Work Programme 2022-2023

1. That the Pension Board Work Programme 2022-2023 be deferred to the next Pension Board Meeting.

12. Date of the next meeting

1. That the date of the next meeting be deferred to the next Pension Board Meeting.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

WORK PROGRAMME 2022/23

Date of Meeting	Item	Responsible Officer	Completed
2022			
18 July 2022	Statement of Accounts 2021/22 (Draft Unaudited Approval)	Treasurer	26 September 2022. Deferred to November 2022.
	Treasury Management Annual Report 2021/22	Treasurer	
	Minutes of the Audit and Risk Committee held on 6 June 2022	Democratic Services Officer	
	Minutes of the Pension Board held on 28 March 2022	Democratic Services Officer	
	Audit and Risk Committee Draft Work Plan 2022/23	Democratic Services Officer	
26 Sept 2022	Terms of Reference of Audit and Risk Committee	Democratic Services Officer	Deferred
	Audit Progress & Sector Update	Grant Thornton	Deferred.

	Internal Audit Progress Report	Audit Manager	Deferred.
	Pensions Board - Appointment of Independent Chair	Deputy Clerk	26 September 2022
	Internal Audit Report - Data Governance	ACFO Strategic Enabler (Enabling Services) /Data and Governance Manager	Deferred.
	Update on the Corporate Risk 6.1 - Business Continuity Arrangements	ACFO Strategic Enabler (Enabling Services)	26 September 2022
	The Pension Regulator Supervisory Report Update	Deputy clerk	26 September 2022
	Statement of Accounts 2021/22 (Draft Unaudited Approval)	Treasurer	26 September 2022
	Approach to be Taken in Respect of Immediate Detriment Cases under the McCloud Sargeant Ruling	ACFO Strategic Enabler (Enabling Services)	26 September 2022
	Treasury Management Annual Report 2021/22	Treasurer	26 September 2022
	CIPFA Report	Audit Manager	26 September 2022

OFFICIAL

	Minutes of the Audit and Risk Committee held on 06 June 2022 and 18 July 2022	Democratic Services Officer	26 September 2022
	Audit and Risk Committee Work Plan 2022/23	Democratic Services Officer	26 September 2022
10 Oct 2022 [Authority]	Minutes of the Audit and Risk Committee held on 06 June and 18 July 2022	Democratic Services Officer	10 October 2022
28 November 2022	Minutes of the Audit and Risk Committee held on 26 September 2022	Democratic Services Officer	28 November 2022
	Regulator Supervisory Report	Deputy Clerk	28 November 2022
	Audit Findings 2021/22	Grant Thornton	28 November 2022
	Statement of Accounts 2021/22 (for approval)	Treasurer	Deferred.
	Audit Progress & Sector Update	Grant Thornton	Deferred.
	Internal Audit Progress Report	Audit Manager	28 November 2022
	Treasury Management Mid-Year Report 2022/23	Treasurer	28 November 2022
	Corporate Risk Update Q1 & Q2 2022/23	ACFO Strategic Enabler (Enabling Services)	28 November 2022
	Audit and Risk Committee Work Plan 2022/23	Democratic Services Officer	28 November 2022

OFFICIAL

OFFICIAL

	Minutes of the Pension Board held on 28 March 2022 and Minutes of the Pension Board held on 10 June 2022 Fraud Awareness Training (tbc)	Democratic Services Officer Phil Tromans John Matthews	28 November 2022 Deferred to March 2022
12 December 2022 (Authority)	Audit Findings 2021/22 Statement of Accounts 2021/22	Grant Thornton Treasurer	

2023			
13 February 2023 (Authority)	Minutes of the Audit and Risk Committee held on 28 November 2022 Audits Annual Report 2021/22 (May be A&R March 2023)		
20 March 2023	Minutes of the Audit and Risk Committee held on 28 November 2022 Audit Progress & Sector Update Internal Audit Progress Report Corporate Risk Update Q1 & Q2 2022/23	Democratic Services Officer Grant Thornton Audit Manager ACFO Strategic Enabler (Enabling Services)	

OFFICIAL

	<p>Vacant Residential Properties Update</p> <p>Monitoring Policies and RIPA (Annual Whistleblowing Report)</p> <p>Internal Audit Plan 2023/24</p> <p>Audit Plan 2022/23 (possibly in June 2023 - tbc)</p> <p>Internal Audit Charter – Annual Review</p> <p>Informing the Audit Risk Assessment – West Midlands Fire and Rescue Authority 2022/23 (possibly in March 2023 but may need to be June 2023 - tbc)</p> <p>Auditors Annual Report (May be Authority in February 2023)</p> <p>Annual SIRO report</p> <p>Minutes of the Pensions Board held on TBC</p> <p>Audit and Risk Committee Work Plan 2022/23</p>	<p>Treasurer</p> <p>Monitoring Officer/ACFO Strategic Enabler (Enabling Services)</p> <p>Audit Manager</p> <p>Grant Thornton</p> <p>Audit Manager</p> <p>Grant Thornton</p> <p>Grant Thornton</p> <p>ACFO Strategic Enabler (Enabling Services)</p> <p>Democratic Services Officer Democratic Services Officer</p>	
--	---	--	--

	Fraud Awareness Training	Phil Tromans John Matthews	
	<i>Committee Members' Private meeting with Internal Auditors (to follow Committee)</i>	<i>Audit Manager</i>	
19 June 2023	Annual Internal Audit Report 2022/23	Audit Manager	
	Governance Statement 2022/23	Treasurer	
	Monitoring Policies and RIPA (Annual Whistleblowing Report)	Monitoring Officer/ACFO Strategic Enabler (Enabling Services)	
	Corporate Risk Update Q3 & Q4 2022/23	ACFO Strategic Enabler (Enabling Services)	
	Audit Plan 2022/23 (possibly in March 2023 - tbc)	Grant Thornton	
	Informing the Audit Risk Assessment – West Midlands Fire and Rescue Authority 2022/23 (possibly in March 2023 but may need to be June 2023 - tbc)	Grant Thornton	
	Annual Report of the Audit and Risk Committee 2022/23 for approval	Chair, Audit and Risk	
	Audit Progress & Sector Update	Grant Thornton	

	<p>Internal Audit Progress Report (TBC)</p> <p>Minutes of the Audit and Risk Committee held on 20 March 2023</p> <p>Minutes of the Pensions Board held on XXXX - tbc</p> <p>Annual Report of the Pension Board 2022/23</p> <p>Audit and Risk Committee Work Plan 2022/23</p> <p><i>Committee Members' Private meeting with External Auditors</i></p> <p><i>Workshop for Members on Statement of Accounts 2022/23</i></p>	<p>Audit Manager</p> <p>Democratic Services Officer</p> <p>Democratic Services Officer</p> <p>Chair, Pensions Board Democratic Services Officer</p> <p><i>Grant Thornton</i></p> <p><i>Treasurer</i></p>	
26 June 2023 [Authority]	<p>Governance Statement 2022/23</p> <p>Minutes of the Audit and Risk Committee held on 20 March 2023</p> <p>Annual Report of the Audit and Risk Committee 2022/23</p>	<p>Treasurer</p> <p>Democratic Services Officer</p> <p>Chair, Audit and Risk</p>	

24 July 2023	<p>Minutes of the Audit and Risk Committee held on 19 June 2023</p> <p>Statement of Accounts 2022/23 (Draft Unaudited Approval)</p> <p>Treasury Management Annual Report 2022/23</p> <p>Audit and Risk Committee Draft Work Plan 2023/24</p> <p>Minutes of the Pension Board (tbc)</p>	<p>Democratic Services Officer</p> <p>Treasurer</p> <p>Treasurer</p> <p>Democratic Services Officer</p> <p>Democratic Services Officer</p>	
--------------	--	--	--