



West Midlands
Combined Authority

Audit, Risk & Assurance Committee

Date	12 th November 2018
Report title	Transfer of Fire Service Governance – General Update and Outline of Proposed Audit Arrangements.
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Report has been considered by	None

Recommendation(s) for action or decision:

ARAC is recommended to:

1. Note the update on progress towards the transfer of governance from West Midlands Fire Authority to the WMCA
2. Note the emerging proposals with regard to the handling of audit, risk and assurance arrangements

1. Purpose

- 1.1 This report provides a general update on progress towards the transfer of governance for the Fire Service to the combined authority and the work that is being carried out to ensure that this completes successfully by the beginning of April.
- 1.2 The report goes on to outline proposals as to how the work of ARAC could be structured to ensure that the new responsibilities in respect of the West Midlands Fire Service are accommodated.

2. Background

- 2.1 West Midlands Fire Service (WMFS) have been engaged in a governance review over the last two years looking at options for the future of the service. This has been instigated partly as a result of Government Policy towards greater collaboration between blue light services and the continuing need to respond to funding pressures and the need for efficiencies.
- 2.2 WMFS are already an efficient and well governed service and they can demonstrate many areas of good practice. The review process was initiated by looking at a number of options for future governance which were eventually narrowed down to the preferred option of joining with the Combined Authority with the Mayor taking responsibility for the Fire Service as a Mayoral function. The process and the various decisions leading up to the current position have been reported through the WMCA Board and have been subject to consultation both with Constituent Authorities and with the public.
- 2.3 In May 2018 the Combined Authority Board agreed to submit the proposals to the Home Secretary to commence the Parliamentary process leading to an Order being made. In September, Board considered a further report regarding the progress of the Order and the issues arising from process of drafting and it is expected that the Order will be confirmed early in the New Year.
- 2.4 The process of transferring governance will involve the winding up of the existing Fire Authority as an entity and the transfer of all responsibility for governance and accountability to the Mayor of the Combined Authority. Property, assets and liabilities will transfer to the WMCA which will also become the employer of all staff currently employed by the Fire Authority. The Mayor will be responsible for the Fire Service as a Mayoral function and the Chief Fire Officer will retain operational independence and accountability for the service on an independent basis in a similar way to the way the relationship operates between the PCC and the Chief Constable.
- 2.5 Detailed planning is underway for the transfer as set out above and a joint implementation team has been established with Officers from both the Fire Service and the WMCA. Meetings have been taking place with the implementation team and a detailed project plan with risk register, communications plan and other milestones has been produced. The process/progress is also being monitored by the senior leadership teams of both Authorities.

3. Governance Structures

- 3.1 As outlined, after the transfer of Governance the Mayor will become responsible for the Fire Service as a Mayoral Function. The proposals include the abolition of the existing Fire Authority which is the mechanism whereby the organisation is governed at the moment. The WMCA governance structures will become the default vehicle for managing these processes but the following proposals are being worked up at the moment. At the WMFA a Governance and Transformation Committee is considering the proposals and the WMCA Monitoring Officer has been invited to participate. It was one of the principal objectives of the governance review was to reduce bureaucracy and process whilst still maintaining proper governance. Any new proposed structures need to be considered against this benchmark which at the same time providing a proper basis for (in the case of ARAC) securing proper audit risk and assurance arrangements are put in place.
- 3.2 The draft Order provides that there will be a Mayoral Fire Committee comprising a maximum of 18 members (15 elected members and the PCC together with two nominated by the Mayor in consultation with the Chair of the Committee) The elected members will be drawn from the existing Metropolitan Authorities proportionally based on political control and population. The Fire Committee will not have any executive decision-making power but will have the role of advising the Mayor on the discharge of his functions, maintaining the existing s41 arrangements (local liaison with individual authorities on Fire Service matters) and reviewing the operation. The Chair will be appointed by the Mayor in consultation with the Met Leaders.
- 3.3 The existing Fire Service Audit and Scrutiny arrangements will cease to exist after April. The responsibility for discharging these functions will devolve on the WMCA and consideration is being given as to the best way to ensure these important functions are given the time and space to develop. As highlighted above, the WMFS Governance and Transformation Committee is also considering these issues and has not yet made recommendations however one of the main options will be to establish an ARAC Fire Sub-Committee to ensure integration into existing programmes and also detailed consideration of this new agenda. This will give the opportunity for fuller consideration of Fire related issues and the development of expertise in these areas. The sub-committee will obviously be part of ARAC as parent committee and will report in to ARAC on a regular basis. Obviously any issues that merit wider attention may be escalated to the main committee as required. Consideration is being given to the possibility of co-opting some existing Fire Audit members onto the sub-committee in order to give continuity and expertise. In order to provide the same level of assurance as required by the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 then the sub-committee would be chaired by the Independent Audit Chair. It is also proposed that whatever model is adopted that the effectiveness of the arrangements be reviewed after 12 months.
- 3.4 At present Grant Thornton who are the WMCA's external auditors also perform the same role for the Fire Authority and this will facilitate a smooth transition in terms of external assurance.

4. Financial Implications

- 4.1 The work on the transfer of Fire Service Governance is currently being jointly funded by the two Authorities. Due diligence work has been and continues to be done in relation to Fire Service assets and liabilities. The Fire Service will become part of the budget setting

process of the Combined Authority in due course. There are no other direct implications arising from this report

5. Legal Implications

- 5.1 The legal implications are set out elsewhere in this report. In the event that the Order is confirmed by Parliament then the Fire Service governance will transfer to the WMCA as a matter of secondary legislation. The same Audit requirements will apply to the Fire Service aspects of the WMCA/Mayoral functions as any other functions.

6. Equalities Implications

- 6.1 There are no specific equalities implications arising out of this report.

7. Inclusive Growth Implications

- 7.1 The transfer of governance for WMFA and the alignment of the services with the Mayoral/WMCA will provide opportunities for public sector reform and closer working between previously separate public authorities. The Fire Service will of course retain their important statutory and policy objectives but there will be areas where new avenues for cooperation can be explored.

8. Geographical Area of Report's Implications

- 8.1 The services of the WMFA only cover the metropolitan area and are only of specific relevance to the Constituent Authorities.

9. Other Implications

Nil.

10. Schedule of Background Papers

Nil.