



Audit, Risk & Assurance Committee

Monday 12 November 2018 at 10.00 am

Minutes

Present

David Lane (Chair)

Councillor Tom Baker-Price

Councillor Kerrie Carmichael
Councillor Craig Collingswood

Sean Farnell

Councillor Michael Gough

Councillor Alexander Phillips

Councillor June Tandy

Worcestershire
Authorities

Non-Constituent

Sandwell Metropolitan Borough Council

City of Wolverhampton Council

Coventry & Warwickshire LEP

Solihull Metropolitan Borough Council

Shropshire Council

Nuneaton & Bedworth Borough Council

In Attendance

Councillor Jackie Taylor

Sandwell Metropolitan Borough Council

Item Title
No.

103. Apologies for Absence

Apologies for absence were received from Councillor Adam Aston (Dudley), Councillor Stephen Craddock (Walsall) and Councillor John O'Shea (Birmingham).

104. Chair's Remarks

- Chair welcomed Hannah Begum from West Midlands Fire Service.
- Sean Pearce, Director of Finance will be leaving WMCA towards the end of December 2018. Process of recruitment to this post is currently being reviewed.

105. Minutes of the meeting held on 21 September 2018

The minutes of the meeting held on 21 September 2018 confirmed as a correct record subject to amendments minute No. 95. whereby the minutes should reference 'Unfortunately, there had been one recent death at a bus station, and an inquest had recorded this as accidental death'.

106. Matters Arising

a) Inquorate meeting

In accordance with the WMCA's constitution, the meeting was inquorate. The recommendations contained within the minutes would be submitted to the WMCA Board on 11 January 2019 for formal approval and adoption.

b) Health and Safety Update

The monitoring Officer informed members that there were no health and safety issues requiring the attention of this Committee.

c) Police & Crime Commissioner Update

The Monitoring Officer shared that following the West Midlands Combined Authority Board meeting held on Friday 9 November 2018 a unanimous decision was made to agree the two-stage consultation process. The Overview & Scrutiny Committee will scrutinise and assure the process. It was also noted that BECG have been appointed as the agency responsible for supporting the design and analysis of the consultation.

d) Whistleblowing

The Monitoring Officer informed the Committee that there were no matters to be brought to the attention of the Committee.

e) Report template

It was agreed that The Monitoring Officer would amend the standard board paper template to include a Legal / Governance implication section to provoke writers to consider and report on Governance issues for future board papers.

107. Forward Plan

A forward plan of items to be reported to future meetings of the Committee were noted.

- Chief Executive of West Midlands Combined Authority to be invited to the Committee to answer questions on the effects on resources for the Combined Authority's plan / objectives in relation to the work undertake for the Police & Crime Commissioner merger and other resourcing pressures.
- Update of the Governance of subsidiaries; with a particular focus upon 5G.
- Proposal on Governance for the absorption of Fire and Rescue to be presented to the Committee in January 2019 for approval.
- An update from Health and Safety to address as to whether or not the commitments had been achieved by the 31 December 2018 deadline.

108. Mayor of the West Midlands

The Mayor attended Committee to give a briefing on the progress and risks for the Combined Authority. The Mayor focused upon the follow key topics:

• **Highs and lows for the last 12 months**

The Mayor shared his view on the highs / successes for the region of the last 12 months: Commonwealth Games, Coventry City of Culture, 5G and the start of work towards HS2. The Mayor stated a major low was the unsuccessful bid for Channel 4's new location. The Mayor highlighted the ongoing cohesiveness of the Combined Authority Leaders as a major strength.

• **Key plans / objectives for 2019 / 2020**

The Mayor stated the following as his priorities:

- Lead the development of the emerging Combined Authority and ensure it is in a strong in preparation for the next Mayoral

- election.
 - Continue with the development of the transport infrastructure and particularly the new links.
 - A critical moment for the Combined Authority is around finances / viability when the Chancellor undertakes the next Comprehensive Spending Review thus preparation for this will be key.
 - Ensuring the Combined Authority has the capacity and capability to achieve all its objectives.
- The Mayor acknowledged that the Brexit for the automotive industry and overall economy in the West Midlands represented the biggest risk and uncertainty facing the Combined Authority, the impact is constantly being assessed.

Councillor Jackie Taylor raised concerns around the limited information around the equal pay agenda and this not being on the raised widely. The Mayor welcomed Committees interest in monitoring this issues. The Mayor went on to discuss the pay gap at a senior level and the work being undertaken to address this.

Councillor Alexander Philips asked as to what preparations are being considered in regards to the May 2020 Mayoral elections. The Mayor replied that the Chief Executive of WMCA would be a better person to respond to this.

Councillor Craig Collingswood asked as to whether any learning has been identified from the unsuccessful bid for Channel 4's new location and as to whether the investment in the bid was appropriate. The Mayor felt the cost of the bid was broadly appropriate and that the bid was strong. However Channel 4 feedback suggested that Leeds were stronger in offering to enhance creative opportunities, which the Mayor admitted was not something originally asked for by Channel 4.

Councillor Michael Gough asked what the benefits were to the transfer of the PCC to WMCA. The Mayor highlighted that WMCA Board agreed to start the consultation period and that he urged Committee members to read the detailed WMCA Board papers on the consultation. The benefits highlighted by the Mayor were around providing improved accountability for people, businesses and government.

Members of the Committee thanked the Mayor for attending.

109. Internal Audit Update

The Committee considered a report from the Chief Audit Executive setting out the work completed by internal audit during the currently financial year.

The audits completed during this quarter were, Health and Safety Arrangements, Asset Management Arrangements and a follow-up review into Expenses, Gifts and Hospitality. None of these audits required a red recommendation.

It was also noted that under the Health and Safety Arrangements two further actions had been agreed relating to the CA Board being asked to specifically approve the Health and Safety governance arrangements being led by TfWM for the West Midlands Fire Service post 1 April 2019 and that Human Resource monitored stress and long-term sickness absence should be added to the oversight of the new Health & Safety Committee's terms of reference. The Health & Safety paper identified a number of critical delivery actions due 31 December 2018 and progress should be confirmed to Committee in January 2019 in order for the Committee to be content that the proposals and progress were adequate for Committee to no longer need to have Health & Safety as a regular item on its agenda.

Sean Farnell highlighted the importance of returning to the completed internal audits and review their current position and as to whether progress was being made or not. It is expected that the update in January 2019 will report on many more of the ongoing 2018/19 audits which seem to be too back end loaded in the financial year.

The Chief Audit Executive felt there was adequate resources to ensure the delivery of the 2018/19 Internal Audit Plan and would raise any issue with the Chair if required.

Councillor Craig Collingswood queried the management of assets relating to the Commonwealth Games. The Monitoring Officer stated that majority of WMCA's assets were transport based, alongside 16 Summer Lane (Head Office) and some areas of land that will potentially be used for future development opportunities, with current uncertainties around assets relating to the Commonwealth Games. A paper describing the capital investment programme with details on the governance and monitoring arrangements was requested by the Committee for April 2019.

The Chair welcomed the assurances on the current work being undertaken however stressed the importance of ensuring that the Committee were not overloaded with audit reports towards the end of the year and that an even spread of work is conducted for future years.

It was recommended to the WMCA Board that the report be noted with no further action being required.

110. WMCA Assurance Overview November 2018

The Committee considered a report outlining the assurance reviews and activities undertaken since the last reporting period. The Corporate Assurance Manager provided a brief overview of WMCA's systems for Project & Programme, Business and Performance Assurance.

The Chair asked that any potential slippages should be raised with the Committee at its future meetings as a regular report, and no await the full Assurance Report to be made.

Councillor Jackie Taylor queried as to where performance was managed. The Corporate Assurance Manager reported that it is managed by the Director of Strategy who has the lead role of ensuring that the organisation is delivering against its priorities and the business plan objectives.

Councillor Craig Collingswood enquired what contingency plans were in place in regard to Directors leaving WMCA. The Monitoring Officer shared that the arrangements are currently being reviewed and plans are in place with regard to the Director of Finance leaving the organisation.

Chair requested that the follow up in regards to recruitment and retention review to be brought to Committee in January 2019 and not April 2019.

It was recommended to the WMCA Board:

- (1) That the report provided to the Committee be noted.
- (2) That the Committee were satisfied with the assurance activity undertaken between April 2018 – October 2018 with the caveat that Assurance requirements will have a step change rise over the next 12 – 24 months.
- (3) That regular updates on major programme slippage be reported at Committee.

111. Health and Safety Audit Report

Further to the Committee considering the earlier report regarding the audit conducted for Health and Safety the Manager for Health and Safety attended Committee to answer any questions.

Councillor Jackie Taylor asked as to how long-term sickness was managed. The Health & Safety Manager shared that this is now a standing item for the Safety, Health and Environment Strategic Committee.

Councillor Craig Collingswood highlighted that many of the actions outlined in the report were due for completion by December 2018 and asked whether this would be achievable due to the short timescale. The Health & Safety Manager acknowledged that there were many actions for completion but felt that this would be achieved by the end of the year. A further update regarding the completion of actions or any slippages will be an item for the next Committee.

The Monitoring Officer was not in a position to confirm Health and Safety arrangement in regard to West Midlands Fire Service as details are still to be determined but these should be part of a planned paper for the Committee in January 2019.

112. WMCA Strategic Risk Register Report - November 2018

The Committee considered a report on the Strategic Risk Register. The report summaries the current work undertaken in regards to a review of operational risk registers being initiated will all existing and emerging directorates.

The Corporate Assurance Manager highlighted that some slippage is expected but was not currently in a position to estimate by how much.

It was requested that the register should provide evidence for the reduction in risk/impact scores as the current improved scores showed a possible optimum bias. If the evidence to support the score improvements could not be provided then the scoring should be modified appropriately. It was also requested that the delivery section of the register is broken down with the large projects being referenced separately.

Councillor Alexander Phillips queried Appendix 2 of the report and highlighted the similar wording used for both operations emerging and financial risks. The Corporate Assurance Manager will revisit the terminology with the Senior Leadership Team.

It was recommended to the WMCA Board that the contents of the Strategic Risk Register be noted with concerns over optimum bias being referenced.

113. Conflict of Interest Policy for Non-Elected Participants in Combined Authority Governance

The Committee considered a report presented by the Monitoring Officer in regards to propose a policy covering conflicts of interest for non-elected participants in the Combined Authority and the appointment of a Designated Independent Person.

Councillor Alexander Phillips made reference to page 67 of the report pack (Conflict of Interest Policy for Non-Elected Participants in Combined Authority Governance) bullet point 4 and asked that a full list of individuals this policy is expected to apply be advised to Committee to avoid the policy being too vague.

Councillor Craig Collingswood asked that an up to date list of relevant persons is maintained as a publicly available record as per paragraph 3 reference 3.3 of the report, but also requested that this list is prepared and shared with the Committee. The Monitoring Officer agreed to this change.

Members felt further information was required in regards to the proposal to use Solihull Independent Person Panel to meet the Combined Authorities Designated Independent Person obligation. The Monitoring Officer will consult with the Chair on the arrangements however in principal the Committee were supportive of this proposal.

It was recommended to the WMCA Board that:

- (1) The Conflict of Interest Policy for non-elected participants in WMCA governance processes was agreed.
- (2) Solihull Independent Person Panel to be appointed as the Designated Independent Person for dealing with any complains under the Code of Conduct for Elected Members.
- (3) The Monitoring Officer consults with the Chair on behalf of the Committee around the arrangement of appointing Solihull Independent Person Panel and the Terms of Reference.
- (4) The Committee to be provided with a regularly updated list of those individuals that the policy applies to.

114. Transfer of Fire Service Governance - General Update and Outline of Proposed Audit Arrangements

The Committee considered a report from The Monitoring Officer outlining the process towards the transfer of governance from the West Midlands Fire Authority to the WMCA and the emerging proposals with regard to the handling of audit, risk and assurance arrangements.

Detailed planning and engagement with the West Midlands Fire Service is underway with a joint implementation team being established with Officers from both the Fire Service and the WMCA. It is expected that the Order will be confirmed early in the New Year. Communication between the Chair of this Committee, The Monitoring Officer and the Fire Service Audit Chair has been started.

Further to proposals it was highlighted that the Mayoral Fire Committee will not have any executive decisions-making powers but will have the role of advising the Mayor.

Councillor Craig Collingswood expressed concern about the increase workload and length of Committee meetings if the Fire Service Audit was just combined with Committee.

Chair relayed that he was reluctant to increase the size of this Committee and supported the proposal to consider an ARAC Fire Sub-Committee with the Chair and a current member of Committee sitting on with some existing membership from the Fire and Rescue Audit Committee for continuity and experience. This approach could then be reviewed after 12 months.

It was recommended to the WMCA Board:

- (1) That the update of progress towards the transfer of governance from West Midlands Fire Authority to the WMCA be noted.
- (2) The Chair to be consulted upon the proposed Governance Arrangements.
- (3) That the emerging proposals with regard to the handling of Audit, Risk & Assurance arrangements be noted and to be reported back to the Committee in January 2019.

115. Monday 14 January 2019 at 10.00am

The meeting ended at 11.45 am.