

Audit, Risk & Assurance Committee

Date	14 January 2019
Report title	Update on the Transfer of West Midlands Fire Service Governance
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Report has been considered by	Not Applicable

Recommendation(s) for action or decision:

Audit, Risk and Assurance Committee is recommended to:

- (1) Note the update provided in this report and endorse the progress made to date.
- (2) Delegate that any final arrangements are agreed with the Chair and Vice Chair before they are presented to CA Board.

1. Purpose

- 1.1 This report follows up on the report presented to ARAC on 12th November 2018. Progress and planning for the implementation of the transfer of governance has continued since the Committee considered these issues in November. Proposals around structures are now firming up however there is still a degree of uncertainty as outlined below.

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 already 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.
- 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 have operational 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.

3. Current Timetable

- 3.1 In discussions with the Home Office we were expecting the Order giving effect to the change in governance to be laid before Parliament before the end of November. This was designed to comfortably allow for completion of the 40 day parliamentary process for secondary legislation. We were subsequently advised that there was a backlog of work in both the department undertaking the legal checks and in the business committee that considers draft legislation before it is laid before Parliament. It is also probable that the current political situation at Westminster is contributing to this degree of uncertainty.

- 3.2 We have now been informed that the Home Office expect the Order to be laid during the week commencing 14th January 2019. On current estimates this does still provide enough time for the Order to have completed its legislative progress in time for the transfer of governance to take place on 1st April 2019.
- 3.3 An impact assessment has been prepared looking at the impact of various scenarios on the proposed transfer and this is being monitored closely by the Joint Implementation Team of WMFS and WMCA lead officers. Planning for implementation has continued despite the legislative delay so in theory there should be little impact on the ability to meet the projected go live date should everything fall into place. Because the transfer has been designed initially to provide operational continuity there would be no impact on the delivery of the public protection services provided by WMFS even if implementation were delayed.
- 3.2 The issues that arise in the event of any delay will principally be around potential delay to the transfer of staff and the financial accounting arrangements for WMFS. As currently planned the transfer will take place at the same time as the end of the financial year. From that point on the Fire Service will become part of the financial accounts of the WMCA however if the transfer is delayed there will have to be interim financial accounting arrangements put in place to cover the period of time before the transfer takes place. Some discussions have already taken place with Grant Thornton who provide external audit services to both organisations, to identify issues and solutions.

4. Proposed Governance Arrangements

- 4.1 As highlighted at the last meeting, the proposal is that the functions of ARAC be extended to cover the Fire Service work streams. The proposal is that an ARAC (Fire) sub-committee be formed to both manage the workload and to retain and build on the existing expertise of certain members on fire service matters. The duties of the sub-committee would be to be responsible for the work undertaken by an audit committee in relation to the Fire Service function subject to any necessary escalation in relation to matters of concern or corporate significance.
- 4.2 The Sub-committee would be formed of ARAC Members and a number of members of the Mayors Fire Committee would be co-opted as non-voting members to provide some expert input on fire governance. Exact numbers are still to be determined but the sub-committee will need to be agile and able to discharge its role at the same time as delivering on the aspiration in the Governance Review of providing swifter, smoother and less bureaucratic decision-making for the Fire Service. It is proposed that the sub-committee would be chaired by the current Independent Chair of ARAC to provide continuity with the main committee. No allowances will be paid in relation to attendance at the sub-committee.
- 4.3 It is proposed that the sub-committee also have responsibility for the Scheme Manager role under the Fire Fighters Pension Scheme. Whilst the Fire Fighters Pension scheme is a national statutory scheme, local devolved administration was introduced a few years ago. The sub-committee would provide the oversight for the local administration of the scheme. This is an administrative role rather than one of financial management. Further details are being sought and will be reported to the Committee. A Pensions Appeals Board would also be necessary to deal with any appeals regarding entitlements under the scheme. For information there have only been 4 appeals in the last 3 years.

5. Financial Implications

- 5.1 WMFS and WMCA are working closely on the financial implications of the transfer and to understand the financial implications. Accounting practices and financial arrangements are already closely aligned in the sense that all local authorities work within a common framework of rules and procedures. The operational continuity principle mentioned above will mean that the service retains experienced staff who will support the financial arrangements of Fire as we go forward.

6. Legal Implications

- 6.1 The Fire and Rescue services provided by WMFS are enabled by the Fire and Rescue Services Act 2004 and the Civil Contingencies Act 2004. If the Order is made transferring the governance to the WMCA these powers will be exercisable by the Mayor and the WMCA as appropriate. The Local Democracy Economic Development and Construction Act 2009 allows for an Order to be made by the Secretary of State to transfer the powers of a public authority to another authority. The route that has been followed in this case is the preparation of a Governance Review and Scheme which has been agreed by the WMFRA and the WMCA and which has also been the subject of public consultation.
- 6.2 The exercise of these powers in the future will become a Mayoral function albeit that the Chief Fire Officer will retain full operational independence and accountability for the provision of the service.

7. Equalities Implications

- 7.1 There are no specific equalities implications arising from this report.

8. Inclusive Growth Implications

- 8.1 The opportunities for further collaborative working between the Fire Service and the WMCA are one of the drivers for these proposals. These will be explored further as the service develops subject to appropriate discussions and agreement.

9. Geographical Area of Report's Implications

- 9.1 The services referred to in this report are only delivered within the area of the Constituent Authorities. The areas of the Non Constituent Authorities are covered by other Fire and Rescue services depending on location.

10. Other Implications

Not applicable.

11. Schedule of Background Papers

Not applicable.