7

Annual Governance Statement 2018/19 and Improvement Plan 2019/20

Report of the Chief Fire Officer

For further information about this report please contact Rod Hammerton, Chief Fire Officer, on 01743 260201 or Ged Edwards, Planning, Performance and Communications Manager, on 01743 260208.

1 Purpose of Report

The purpose of this report is twofold: it sets out the draft Annual Governance Statement (AGS) for 2018/19 and AGS Improvement Plan 2019/20 to be included in the Fire Authority's Statement of Accounts; and it also details progress on the 2018/19 Improvement Plan.

2 Recommendations

The Committee is asked to:

a) Note the progress made on the 2018/19 Improvement Plan;
b) Agree to close the 2018/19 Improvement Plan, carrying forward any outstanding issues to the 2019/20 Improvement Plan; and
c) Agree the AGS and 2019/20 Improvement Plan for inclusion in the 2018/19 Statement of Accounts.

3 Background

Corporate governance and accounting regulations require the Fire Authority to publish annually, on a timely basis, an objective, balanced and understandable statement and assessment of the Fire Authority's governance arrangements, including its risk management and internal control mechanisms, and their effectiveness in practice. This is known as the Annual Governance Statement (AGS). The Fire Authority has delegated responsibility for the development of the AGS to the Risk Management Group.

The Fire Authority has delegated approval of the Statement of Accounts to the Standards, Audit and Performance Committee. The Statement will, therefore, be signed off by the Chair of the Committee, the Chief Fire Officer and Treasurer at the July meeting of the Committee.

The Statement of Accounts contains a statement as to how effective the Authority's various systems of internal control have been in governing the risks, to which the Authority is exposed. Areas of the system of internal control that have been identified as requiring improvement are listed in the AGS and an action plan has been developed to ensure that these improvements are progressed during the coming year. This is known as the AGS Improvement Plan.

This Committee is responsible for monitoring the progress, which the Service makes against the Plan.

4   Monitoring Progress against the Annual Governance Statement Improvement Plan 2018/19

A copy of the AGS Improvement Plan 2018/19 is attached at Appendix A to this report, which shows progress against each of the planned activities.

The 2018/19 Improvement Plan is monitored against six areas of activity.

1. People
2. Process
3. Systems/ Infrastructure
4. Building Facilities
5. Appliances/ Equipment
6. Collaboration

The six areas have been reviewed and will continue to be monitored within the new 2019/20 improvement plan. The detailed activities within these six areas have been updated as necessary to align with the Service priorities set out in the 2019/20 Service Plan.

5   AGS 2018/19 and AGS Improvement Plan 2019/20

In accordance with the Accounts and Audit Regulations, Officers have reviewed the effectiveness of the Authority's internal control systems, which constitute the Authority's Governance Framework, with the aim of identifying further improvements, where required. This process involves the responsible officers' signing 'Assurance Statements' for each of the areas, for which they are responsible. Officers' statements are then reviewed by the Lead Executive Officer to ensure that the areas identified for improvement are appropriate and achievable.

A requirement of Regulation 6 (3) of the Accounts and Audit Regulations is to review annually the effectiveness of Internal Audit. Shropshire Council provides this service and will report to the Committee on the work undertaken during 2018/19.

Shropshire Fire and Rescue Service's 'Assurance Statements' have then been reviewed in light of this report and the various audit reports received from Internal Audit over the last year. Together these have formed the basis of the AGS 2018/19 and the associated 2019/20 Improvement Plan.

Members are asked to consider and approve the AGS 2018/19 and the Improvement Plan 2019/20, attached as Appendices B and C respectively, for inclusion in the 2018/19 Statement of Accounts.

Monitoring Progress against the AGS Improvement Plan 2019/20

The Committee will receive regular reports on progress made against the Plan throughout its life. As is the case with most plans, the activities included within it are often subject to change. This can be as a result of changes in the external environment that guides our work, as well as the internal environment that dictates whether we have the capacity to achieve our stated objectives.

To ensure there is control over any slippage, the officers responsible for delivering this work must obtain approval from the Service Management Team, if they require any variations to the current Improvement Plan. Any such changes will also be reported to the Committee.

6   Financial Implications

Any significant budgetary implications, brought about by the improvements proposed in the Improvement Plan, have already been considered, either as part of the Fire Authority's budget planning process or within each Department's business planning process.

7   Legal Comment

The AGS is a legal requirement under the Code of Practice on Local Authority Accounting in the United Kingdom and must be included in the Fire Authority's Annual Statement of Accounts

8   Initial Impact Assessment

An Initial Impact Assessment has been completed.

9   Equality Impact Assessment

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

10   Appendices

Appendix A
Annual Governance Statement Improvement Plan 2018/19

Appendix B
Annual Governance Statement 2018/19

Appendix C
Annual Governance Statement Improvement Plan 2019/20

11   Background Papers

There are no background papers associated with this report.

Appendix A to report on
Annual Governance Statement 2018/19 and Improvement Plan 2019/20
Shropshire and Wrekin Fire and Rescue Authority
Standards, Audit and Performance Management Committee
18 July 2019

Annual Governance Statement Improvement Plan 2018/19 (Close Down)

Area of Review	IRN	Improvement Required	Lead Officers	Progress to date	Reporting Period
People	1	Continue to deliver the people strategy including the Wholetime and Fire Control shift changes. Carry out a review of the Retained Duty Service (RDS).	Germaine Worker Kevin Faulkner Simon Hardiman	The integrated crewing is now up and running. Following the approval of Fire Authority to adopt the Flexible Crewing Duty System within Fire Control, a draft collective agreement has been produced and is in the process of being shared with representative bodies for consideration by the Fire Brigades Union (FBU) National Executive Council. The scope of Retained Duty System review, now renamed Retained Sustainability Project, has been agreed by SMT, the work on this project has been delayed while resources have been supporting the introduction of On Call FSR to support the Systems/Infrastructure area of this AGS.	July 2019
Process	2	Through the Service Transformation Programme continue to replace paper-based processes with streamlined electronic workflows including standard test and reporting systems (STARS), provision of operational risk information systems (Poris), Electronic Individual Development Record (EIDR) and operations department procedures.	Scott Hurford Simon Hardiman Ged Edwards	The Risk Management System (PORIS) has now gone live and is being used by operational staff. Following a lengthy pilot of the standard test and reporting system (STARS), the Service is looking to make best use of those elements of the system that have been proven to work effectively and is looking to alternative options to cover the other functions, such as defect reporting. Area Command are currently determining the underpinning principles for the application.	July 2019

Area of Review	IRN	Improvement Required	Lead Officers	Progress to date	Reporting Period
				Procurement of the Learning Pool total package has now concluded. Work is currently being undertaken on the Individual Personal Development Review (IPDR) process. Further integration work will enable Electronic Individual Development Reviews (EIDR's) to be incorporated into the Learning Management System and this will form part of the delivery plan.	
Systems / Infrastructure	3	Through the Service Transformation Programme Implement HR, Finance, Payroll, Training, Retained Payments & Systems. Improve security of the corporate network and continue to support the implementation of Emergency Services Network.	Ged Edwards Germaine Worker Joanne Coadey Sally Edwards Kevin Faulkner	The HR, Finance, Payroll and Training systems have been implemented and are now in use across the Service. System improvements and new functionality will be monitored via contract management meetings or service transformation activities.

Fire Service Rota for retained payments has been successfully rolled out to the retained element of the Service with the first full pay run taking place in May.

Progress continues with preparing for the IT Health Check by completing the outstanding tasks in the remedial action plan (RAP). A gap analysis of the Emergency Services Network (ESN) security policy requirements is being undertaken to prepare for accreditation. | July 2019 |
| Building Facilities | 4 | Deliver the property strategy. To include Telford Central, Clun and Much Wenlock refurbishments. | Andrew Kelcey | The redevelopment of Clun and Much Wenlock is complete, and the buildings are occupied. There are some snagging works outstanding, and the final accounts are to be agreed.

An Architect has been appointed for Telford Central and is currently carrying out consultations with building users, and technical investigations. Start on site is currently anticipated early 2020. | July 2019 |

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Area of Review	IRN	Improvement Required	Lead Officers	Progress to date	Reporting Period
Appliances/ Equipment	5	Deliver the fleet and equipment strategy. To include the introduction of five pumping appliances and the Incident Command Vehicle.	Kevin Faulkner Simon Hardiman Andrew Kelcey	The Incident command vehicle has been delayed due to a waiting list for a new Mercedes chassis on which the vehicle will be built. Options for Incident command software are currently underway and will be purchased prior to the vehicle arriving to ensure Command Support crew are proficient in its functionality which will assist when the vehicle goes live. Current timescales are unclear at this stage and will be reported back to STB when known. 5 Appliances have been built and delivered. Driver training is almost complete and the vehicles form part of the installation programme for new Mobile Data Terminals (MDTs). They will be operational on completion of this. A specification has been prepared for modification of the current whole-time appliance to Retained Duty System (RDS) specification, and a procurement process is planned.	July 2019
Collaboration	6	Develop the strategic alliance program plan.	Guy Williams	The Strategic Alliance Plan has been agreed between the CFOs' and CFA's. Three workstreams have been identified as a priority – Integrated Risk Management Planning (IRMP), Fire Control and ICT. Each workstream is being scoped out prior to producing Project Initiation Document (PID). The IRMP timetable is on target with risk workshops nearing completion and parameters for the extension year targets being set. Fire Control options appraisal consultation with stakeholders is underway with a Programme Board established. The options from the ICT Review were provided to the Alliance Board and Change Manager recruitment has commenced with SFRS leading on this	July 2019

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Appendix B to report on
Annual Governance Statement 2018/19 and Improvement Plan 2019/20
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18 July 2019

Draft Annual Governance Statement 2018/19

To accompany the Statement of Accounts 2018/19.

Scope of Responsibility

Shropshire and Wrekin Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively.

The Fire Authority also 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.

In discharging this overall responsibility, the Fire Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Fire Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government 2016'.

This Statement explains how the Fire Authority has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Fire Authority is directed and controlled, and the activities through which it accounts to, engages with, and leads the community. It enables the Fire Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Shropshire and Wrekin Fire and Rescue Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact, should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Shropshire and Wrekin Fire and Rescue Authority for the period of the 2018/19 accounts and up to the date of approval of the Annual Report and Statement of Accounts.

The Governance Framework

The Fire Authority's governance framework comprises many systems, policies, procedures and operations in place to:

- identify and communicate the Authority's vision of its purpose and intended outcomes for citizens and service users;
- review the Authority's vision and its implications for the Authority's governance arrangements;
- define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the Authority and partnership arrangements;
- develop, communicate and embed codes of conduct, which define the standards of behaviour for Members and staff;
- review and update standing orders, standing financial instructions, the scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- ensure the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and, where they do not, explain why and how they deliver the same impact;
- ensure effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014)
- undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities (2018);
- ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- ensure the Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not explain why and how they deliver the same impact;
- enable whistle-blowing and the receiving and investigating of complaints from the public;
- identify the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training;
- establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and

- ensure good governance arrangements in respect of partnerships and other joint working and reflecting these in the Authority's overall governance arrangements.

Review of Effectiveness

The Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

The review of effectiveness is informed by the work of the executive managers within the Authority, who have overall responsibility for the development and maintenance of the governance environment, as well as:

- the Treasurer;
- the Fire Authority's Monitoring Officer;
- Legal advisors to the Fire Authority;
- Internal Auditors; and
- Managers within the Fire Authority, who have day-to-day responsibility for ensuring the governance framework is functioning correctly.

Comments made by the External Auditors and other review agencies and inspectorates in their Annual Audit Letters and other reports also contribute to this review.

Throughout 2018/19, the Fire Authority has maintained, reviewed and improved its system of internal control in a number of ways. In particular:

a. The Authority continues to monitor expenditure for all capital schemes;

b. Ongoing review of the Authority's employment policies is undertaken and, where necessary, policies are modified or created to ensure compliance with all applicable legislation;

c. The Service Transformation Programme, which includes Integrated Risk Management Planning (IRMP) Projects and activities that Service Managers believe will deliver a sustainable service to the community into the future. Central to the Programme will be the continued investment in technology and systems to improve back-office efficiency and provide operations with technology to improve service delivery. The Programme, which dovetails into the Service's Financial and Service planning processes, will ensure that the appropriate level of control and visibility of all projects, reviews and activities are maintained throughout the lifecycle of the Programme.

d. The Service has continued to invest significantly in its Information and Communications Technology and command and control infrastructure.

e. The Fire Authority has received and/or adopted:

- Statement of Accounts 2017/18;
- Annual Plan 2018/19;
- Annual Audit Letter 2017/18;
- Budget Monitoring reports;
- Service Measures Performance reports;
- The Service Plan 2015/20, strategy and budget.

f.   The Fire Authority's Service Management Team of officers carries out a continuous assessment of the implementation of policies and procedures throughout the organisation, including following up on progress made towards last year's Improvement Plan.

g.   Internal audits have been undertaken with a number of planned reviews of systems and internal control procedures across a range of functions in the Fire Authority. Each review contains an opinion on the internal controls in place and any weaknesses result in recommendations for improvement, which are implemented by management. Progress against these recommendations is monitored by the Risk Management Group, with regular reports to the Service Management Team and to the Audit and Performance Management Committee.

h.   Audits completed by Internal Audit during 2018/19 related to:

- Computer Services (Includes Recommendation Follow Up);
- Assets;
- Payroll Systems Review;
- Financial Systems Review;
- Risk Management and Business Continuity Arrangements;
- Corporate Governance;
- Review of Annual Governance Statement;
- Recommendation follow up.

Based on the work undertaken and management responses received; the Head of Audit has offered reasonable assurance for the 2018/19 year that the Authority's framework for governance, risk management and internal control processes is sound and working effectively.

Generally, risks are well managed but some areas require the introduction of, compliance with or improvement to internal controls to ensure the achievement of the Authority's objectives. 2018/19 has been a challenging year given the level of key fundamental line of business system changes delivered (financial and human resources) and the embedding of these continues. Alongside the challenge to continue to deliver savings and increased efficiency.

Internal Audit will be conducting audits in the following areas during 2019/20:

- General Ledger Maintenance and Accounts;
- Payroll System;
- IT Application Review - Payroll System;
- IT Application Review – Finance System;
- IT Contract Management;
- Financial Systems Review;
- Recommendation follow up;
- Risk Management;
- Corporate Governance;
- Review of Annual Governance Statement;
- Fraud and Corruption.

The Role of the Chief Financial Officer

The Authority is compliant with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

A Service Level Agreement has been put in place between Shropshire Council and Shropshire and Wrekin Fire and Rescue Authority, for the provision of financial advice and representation.

Shropshire Council's Director of Finance, Governance and Assurance, acts as Treasurer to Shropshire and Wrekin Fire and Rescue Authority to ensure the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with section 151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015.

The Chief Financial Officer's role is discharged through:

- Provision of advice and support on application of accounting policies and procedures and adherence to International Financial Reporting Standards.

- Attendance by the Treasurer or nominated representative at the following statutory meetings held with Fire Authority Members:

  o Meetings of the Fire and Rescue Authority;
  o Meetings of the Strategy and Resources Committee; and
  o Meetings of the Audit and Performance Management Committee.

- Regular Chair's briefings and internal meetings, as well as regular liaison with the internal Head of Finance (Deputy Section 151 Officer), and the internal Fire Authority Finance Team.

In addition to the provision of section 151 duties, Shropshire Council provides access to a number of services, for example the Fire Authority's Finance Team will have direct access to the Council's Financial Forward Planning Team, and can provide resilience and development through staff rotation and secondments.

The Council endeavours to consult with the Fire Authority on any key or principal decisions, outside the formal services agreed within the service level agreement.

Significant Internal Control Issues

No significant issues were raised in the External Auditor's Annual Audit Letter 2017/18. The relatively minor points arising from these reviews are being used to enhance the existing system of controls.

The Fire Authority undertook a review of its systems of internal control, which underpin its governance framework, between January and March 2019. An Annual Governance Statement (AGS) Improvement Plan 2019/20 has been produced, based on the findings from this process. Progress made against the Plan will be monitored by the Risk Management Group, with regular progress reports to the Fire Authority's Audit and Performance Management Committee and the Service's Service Management Team.

A summary of the areas for further development, contained in the AGS Improvement Plan 2019/20, is given below.

People
Continue to deliver the people strategy including the Wholetime and Fire Control shift changes. Carry out a review of the Retained Duty Service (RDS).

Processes
Through the Service Transformation Programme continue to replace paper based processes with streamlined electronic workflows including standard test and reporting systems (Stars), provision of operational risk information systems (Poris), Electronic Personal Development Reviews (EPDRs) and operations department procedures. Following migration to the new Finance, Payroll and electronic retained payments systems – develop internal processes to ensure full functionality and compliance within these systems.

Systems/IT Infrastructure
Improve security of the corporate network and continue to support the implementation of Emergency Services Network.
Introduce Integrated Communications Control System (ICCS).
Complete Fire Service Rota (FSR) implementation.
Introduce the leave management system.
Introduce new functionality from the Learning Environment Online (LEO) system into the Service.

Building Facilities
Deliver the property strategy.
To include Telford Central, refurbishment. Introduce improvements to station access and security at all SFRS sites.

Appliances and Equipment
Deliver the fleet and equipment strategy.
To include the introduction of three pumping appliances and the Incident Command Vehicle.
Deliver the Service improvement workstreams of the Response Capability Programme Board.

Collaboration
Develop the strategic alliance programme plan.
Commence work on the new Community Risk Management Plan/ Integrated Risk Management Plan (CRMP/IRMP).

Signed:		
Cllr	Rod Hammerton	James Walton
Chair of Audit and Performance Management Committee	Chief Fire Officer	Treasurer

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Appendix C to report on
Annual Governance Statement 2018/19 and Improvement Plan 2019/20
Shropshire and Wrekin Fire and Rescue Authority
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18 July 2019

Annual Governance Statement Improvement Plan 2019/20

Area of Review		Improvement Required	Lead Officers	Progress to date	Reporting Period
People	1	Continue to deliver the people strategy including the Wholetime and Fire Control shift changes. Carry out a review of the Retained Duty Service (RDS).	Germaine Worker Kevin Faulkner		July 2020
Process	2	Through the Service Transformation Programme continue to replace paper based processes with streamlined electronic workflows including standard test and reporting systems (Stars), provision of operational risk information systems (Poris), Electronic Personal Development Reviews (EPDRs) and operations department procedures. Following migration to the new Finance, Payroll and electronic retained payments systems – develop internal processes to ensure full functionality and compliance within these systems.	Kevin Faulkner Simon Hardiman Ged Edwards Joanne Coadey		July 2020
Systems/ Infrastructure	3	Improve security of the corporate network and continue to support the implementation of Emergency Services Network. Introduce Integrated Communications Control System (ICCS). Complete Fire Service Rota (FSR) implementation. Introduce the leave management system. Introduce new functionality from the Learning Environment Online (LEO) system into the Service.	Ged Edwards Sally Edwards Kevin Faulkner Simon Hardiman		July 2020

Area of Review		Improvement Required	Lead Officers	Progress to date	Reporting Period
Building Facilities	4	Deliver the property strategy. To include Telford Central, refurbishment. Introduce improvements to station access and security at all SFRS sites.	Andrew Kelcey Sally Edwards		July 2020
Appliances/ Equipment	5	Deliver the fleet and equipment strategy. To include the introduction of three pumping appliances and the Incident Command Vehicle. Deliver the Service improvement workstreams of the Response Capability Programme Board.	Kevin Faulkner Simon Hardiman Andrew Kelcey		July 2020
Collaboration	6	Develop the strategic alliance programme plan. Commence work on the new Community Risk Management Plan/ Integrated Risk Management Plan (CRMP/IRMP).	Guy Williams		July 2020