

Annual Governance Statement 2017/18 and Improvement Plan 2018/19

Report of the Chief Fire Officer

For further information about this report please contact Rod Hammerton, Chief Fire Officer, on 01743 260204 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 2017/18 and AGS Improvement Plan 2018/19 to be included in the Fire Authority's Statement of Accounts; and it also details progress on the 2017/18 Improvement Plan.

2 Recommendations

The Committee is asked to:

- a) Note the progress made on the 2017/18 Improvement Plan;
- b) Agree to close the 2017/18 Improvement Plan, carrying forward any outstanding issues to the 2018/19 Improvement Plan; and
- c) Agree the AGS and 2018/19 Improvement Plan for inclusion in the 2017/18 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.

At its February 2012 meeting, the Fire Authority delegated approval of the Statement of Accounts to the Audit and Performance Management Committee. The Statement will, therefore, be signed off by the Chair of the Committee, the Chief Fire Officer and Treasurer at the September 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

Monitoring Progress against the Annual Governance Statement Improvement Plan 2017/18

A copy of the AGS Improvement Plan 2017/18 is attached at Appendix A to this report, which shows progress against each of the planned activities.

The 2017/18 Improvement Plan monitored against eight areas of activity.

1. Service Transformation Programme
2. ICT
3. Training
4. Operations
5. Payroll Systems Review
6. Operational Assurance
7. Technical Services/Area Command
8. Health and Safety

The work streams within the eight areas have been reviewed and the Operational Assurance and Health and Safety work streams have delivered against the 2017/18 plan and become business as usual activities.

The payroll systems review has now been superseded by the requirement to introduce a new HR, Payroll and Finance system. The new systems implementation will be included within the 2018/19 improvement plan.

Some of the tasks within the areas of ICT and Training have been completed within 2017/18 Improvement Plan. However new activities have been identified and are included within the 2018/19 Improvement Plan.

Service Transformation, Operations and Technical Service/Area Command will be transferred over into the 2018/19 plan.

Following a detailed review the 2018/19 improvement Plan has been restructured to align itself closer to the Service priorities set out in the 2018/19 Annual Plan.

4 AGS 2017/18 and AGS Improvement Plan 2018/19

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 2017/18.

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 2017/18 and its associated 2018/19 Improvement Plan.

Members are asked to consider and approve the draft AGS 2017/18 and the draft Improvement Plan 2018/19, attached as Appendices B and C respectively, for inclusion in the 2017/18 Statement of Accounts.

5 Monitoring Progress against the AGS Improvement Plan 2018/19

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 2017/18

Appendix B

Draft Annual Governance Statement 2017/18

Appendix C

Draft Annual Governance Statement Improvement Plan 2018/19

11 Background Papers

There are no background papers associated with this report.

Annual Governance Statement Improvement Plan 2017/18 (Close Down)

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Service Transformation Programme and IRMP Action Plan	1	<p>The Programme which is updated each year, has been extended up to 2020 and includes Integrated Risk Management Plan (IRMP) activities. The Programme forms the basis of the 5 year action plan contained within the 2015-2020 Service Plan.</p> <p>Benefits/new systems will be presented to the Audit and Performance Management Committee (APMC) and progress on the three main IRMP workstreams will be reported to the Combined Fire Authority (CFA) through the Strategy and Planning Working Group.</p>	Ged Edwards and Andy Johnson	<p>All the main department dashboards within the original roll out plan have now been delivered.</p> <p>The Business Intelligence (BI) team are now concentrating on completing performance dashboards for SharePoint applications that have been built.</p> <p>Full tablet roll out will commence in July following the completion of the trial. This will enable crews to access the portal and a number of electronic applications that have been built or are currently in development.</p> <p>The technical Project Manager to support the Design, Costing, Procurement and Construction Projects has now been appointed. The progress of Telford Central will be tracked through the building facilities improvement priority for 2018/19.</p> <p>In relation to the other two significant IRMP projects (Wholetime and Fire Control Shift changes), they are both on track to deliver against the 2020 deadlines. A detailed report on the outcomes from the first year of the two main IRMP projects was presented at the April meeting of the Fire Authority.</p>	2020 (to be reviewed every 12 months)

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
ICT	2	<p>ICT will:</p> <p>Build a stabilised team with the appropriate skills that can deliver the requirements of the 2017/18 Annual Plan and the support of the Command & Control System</p> <p>Review and continually improve the service desk provision including management of all ICT assets</p> <p>Explore potential opportunities for collaboration</p>	Sally Edwards	<p>Work is ongoing to confirm structure and advertise through sector specific recruitment teams.</p> <p>This review is imminent. Staff training is still indicating work needs to be done to optimise all benefits of the service desk facility. This will become business as usual for the department.</p> <p>Further opportunities for collaboration will be explored through the 'Collaboration' area of review.</p>	June 2018
Training	3	<p>Develop management reporting processes from the new Fire Fighters (FF) Electronic Individual Development Record (EIDR) system.</p> <p>Develop and Implement Course Evaluation Process using Resource Link.</p>	Andy Johnson and John Harrison	<p>EIDR Dashboard has been completed.</p> <p>Creating the Course Evaluation process in Resource Link has had limitations and not all the business requirements for the process were achieved. Alternative options will now be explored.</p>	June 2018

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
		<p>Review and further develop Officer EIDR system, using lessons learnt from developing the FF EIDR.</p> <p>Develop Training & Development performance dashboard and access to Resource Link database in order to effectively administrate courses and provide management monitoring data/reports.</p> <p>Continue to expand course reports from the Breathing Apparatus (BA) refresher report already developed</p>		<p>Officers EIDR will be considered through the process workstream</p> <p>The Training Dashboard has now been released to the Training Department.</p> <p>Any outstanding areas of work will be carried forward through the 'Process' area of review.</p>	
Operations	4	<p>The process required to ensure fire-ground information is maintained in a format that is accessible, timely and accurate is outdated and needs replacing to ensure it takes advantage of the changes being made nationally. The project plan relating to a new electronic system has been approved and will be implemented prior to April 2018.</p>	<p>Andy Johnson and John Harrison</p>	<p>The Risk Management System project is currently being delivered, however there is slippage against the original plan due to delays in the development of some functionality. The project is reliant on a reliable hardware in the form of tablets being available for use on stations. Issues previously experienced with the tablets are now being resolved.</p> <p>This workstream will transfer over to the 18/19 plan and will delivered through the 'Process' area of review.</p>	<p>March 2019</p>

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Payroll Systems Review	5	Review current internal payroll processes, identify improvements and implement. Continue to develop ResourceLink to improve efficiency. Review current processes/ communications links between the Service and payroll provider to generate further improvements. Introduction of new ResourceLink Expenses upgrade and focus on modernising retained pay processes	Germaine Worker / Joanne Coadey	This work is continuing however, there is an impact from Shropshire Council's recent decision to move away from ResourceLink and the Service is currently diverting time and effort to considering the impact of that decision .A Project Initiation Document (PID) is being developed and this workstream will transfer over to the 18/19 improvement plan. Work will continue under the 'Systems' area of review in relation to the move of the Finance, Payroll and HR systems from Shropshire Council to Telford & Wrekin Council with a projected go live date of September 2018.	March 2019
Operational Assurance	6	<p>The Service is awaiting an indication as to who will be undertaking the new inspection regime and the areas it will cover, which is likely to include some form of operational assessment. Details about the new inspection will not be available until next year.</p> <p>Whilst undertaking some form of self-assessment continues to be a priority, in readiness for future inspection, this has been postponed whilst clarity is sought on the likely make-up of the national inspection</p>	Kevin Faulkner	<p>It has been confirmed that SFRS is in tranche 2 of the inspection programme. The Service can expect to receive its full inspection in October or November 2018, however data collection for SFRS started in April 2018 and will need to be refreshed quarterly from there on. The Service has now submitted its first set of data.</p> <p>The Service continues to prepare for the full inspection with all department heads receiving briefings on the requirements from the Head of Transformation and Collaboration.</p>	April 2018

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
		regime and independent standards body. The Service has recruited an Area Manager who now has responsibility for this area of work.			
Technical Services/ Area Command	7	Ability to effectively track and test operational equipment by the Introduction of Standard Testing and Reporting System (STARS).	Kevin Faulkner and Andrew Kelcey	Extensive trials of Samsung Android devices is taking place, and it is hoped that this will provide the platform to move this item forward. This workstream will be carried over into the 18/19 improvement plan and will be monitored and reported under the 'Process' area of review.	March 2019
Health and Safety	8	Introduce electronic workflows for the following: <ul style="list-style-type: none"> • Vehicle incident report form • Near miss • Personal injury • Suspected Contamination 	John Harrison	Vehicle Incident Report Form - Completed and introduced August 2017 Near miss – Completed and introduced February 2018 Personal injury – The form and workflow is developed and ready to release. Suspected Contamination – Completed and introduced January 2018	June 2018

Key

Amber – Carried forward

Green – Complete

Draft Annual Governance Statement 2017/18

To accompany the Statement of Accounts 2017/18

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 2017/18 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 (2013);
- 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 2017/18, 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 2016/17;
 - Annual Plan 2017/18;
 - Annual Audit Letter 2016/17;
 - 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 2017/18 related to:

Banking Arrangements and Treasury Management;
 Budget Strategy;
 Corporate Governance;
 Creditors and Purchasing Cards Follow Up;
 Debtors;
 Fraud and Corruption (Travel and Subsistence);
 IT General Controls – Computer Services;
 Partnerships;
 Payroll;
 Recommendation Follow Up;
 Risk Management.

On the basis of the work undertaken and management responses received; the Authority's governance, risk management and internal control processes are sound and working effectively and the Head of Audit is able to deliver a positive year end opinion on the Authority's internal control environment for 2017/18.

Internal Audit will be conducting audits in the following areas during 2018/19:

- Capital Budgeting and Accounting (Includes annual grant certification);
- 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.

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 Head 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:
 - Meetings of the Fire and Rescue Authority;
 - Meetings of the Strategy and Resources Committee; and
 - 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 2016/17. 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 2018. An Annual

Governance Statement (AGS) Improvement Plan 2018/19 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 2018/19, is given below.

People

Continue to deliver the people strategy including the Wholetime/Fire Control shift changes and 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 tests and reporting (Stars);
Provision of operational risk information (Poris);
Electronic Individual Development Records (EIDR) reporting;
Operations department procedures.

Systems/IT Infrastructure

Through the Service Transformation Programme roll out the HR, Finance, Payroll, Training and Retained Payment systems.
Improve security of the corporate network and continue to support the implementation of Emergency Services Network (ESN).

Building Facilities

Deliver the property strategy including Telford Central, Clun and Much Wenlock Fire station refurbishments.

Appliances and Equipment

Deliver the fleet and equipment strategy including the introduction of five pumping appliances and the incident Command Vehicle.

Collaboration

Develop the strategic alliance programme plan.

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

Annual Governance Statement Improvement Plan 2018/19

Area of Review		Improvement Required	Lead Officers	Progress to date	Completion date
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		March 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.	Kevin Faulkner Simon Hardiman Ged Edwards		March 2019
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		March 2019
Building Facilities	4	Deliver the property strategy. To include Telford Central, Clun and Much Wenlock refurbishments.	Andrew Kelcey		March 2019

Area of Review		Improvement Required	Lead Officers	Progress to date	Completion date
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		March 2019
Collaboration	6	Develop the strategic alliance programme plan.	Guy Williams		March 2019