

Annual Governance Statement 2020/21 and Improvement Plan 2021/22

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 and Performance Manager, on 01743 260208.

1 Executive Summary

The purpose of this report is twofold: it sets out the draft Annual Governance Statement (AGS) for 2020/21 and the AGS Improvement Plan 2021/22 to be included in the Fire Authority's Statement of Accounts. It also reports on initial progress of activities contained within the 2021/22 Improvement Plan

2 Recommendations

The Committee is asked to:

- a) Agree the AGS 2020/21 and 2021/22 Improvement Plan for inclusion in the 2020/21 Statement of Accounts; and
- b) Note the progress made on the 2021/22 Improvement Plan

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 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.

4 Monitoring Progress against the AGS Improvement Plan 2021/22

A copy of the AGS Improvement Plan 2021/22 is attached at Appendix B to this report, and shows progress against each of the planned activities.

The 2021/22 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 2021/22 Improvement Plan. The detailed activities within these six areas have been updated as necessary to align with the Service priorities set out in the 2021/22 Service Plan.

5 AGS 2020/21 and AGS Improvement Plan 2021/22

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 2020/21.

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 2020/21 and the associated 2021/22 Improvement Plan.

Members are asked to consider and approve the AGS 2020/21 and the Improvement Plan 2021/22, attached at Appendices A and B respectively, for inclusion in the 2020/21 Statement of Accounts.

Monitoring Progress against the AGS Improvement Plan 2020/21.

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 the Service's work, as well as the internal environment that dictates whether the Service has the capacity to achieve its 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 Conclusions

The Committee is asked to agree the AGS 2020/21 and 2021/22 Improvement Plan for inclusion in the 2020/21 Statement of Accounts and note the progress made on the 2021/22 Improvement Plan.

7 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.

8 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

9 Equality Impact Assessment

There are no equality or diversity implications arising from this report. An e-EQIA is not, therefore, required.

10 Appendices

Appendix A

Draft Annual Governance Statement 2020/21

Appendix B

2021/22 Improvement Plan

11 Background Papers

There are no background papers associated with this report.

Draft Annual Governance Statement 2020/21

To accompany the Statement of Accounts 2020/21.

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 meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The Accounts and Audit (Amendment) Regulation 2021 was passed to amend the dates by which the Statement of Accounts must be approved and published.

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 2020/21 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 whistleblowing 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 2020/21 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 2019/20
 - Annual Plan 2020/21;
 - Annual Audit Letter 2019/20;
 - 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 several 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 agreed and 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 Standards, Audit and Performance Committee.
- h) Audits completed by Internal Audit during 2020/21 related to:
 - Payroll System, including IT application follow up;
 - Financial Systems, including IT application follow up;
 - Risk Management and Business Continuity Arrangements;
 - Corporate Governance and;
 - Follow Up of Recommendations.

Based on the work undertaken and management responses received, the Head of Internal Audit has offered reasonable assurance for the 2020/21 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 robust action plans to address significant recommendations that have remained outstanding for over 12 months, to ensure the achievement of the Authority's objectives and protect the control environment. 2020/21 has continued to see the embedding of key business system changes, delivered in the areas of financial and human resources, whilst working in a COVID secure manner and alongside the challenge to continue to deliver savings and increased efficiency.

Internal Audit will be conducting audits in the following areas during 2021/22:

- Payroll System;
- IT Application Infrastructure Review
- Financial Systems Review;
- Recommendation follow up;
- Risk Management;
- Corporate Governance;
- Review of Annual Governance Statement.

The Effect of Covid 19 on Governance Arrangements

The Covid 19 pandemic began to affect most countries in the world during the first quarter of 2020 and the United Kingdom initially went into lockdown in March 2020, followed by further lockdowns in November 2020 and January 2021. The Service undertook significant work to ensure it was best placed to continue to deliver its services and support partners to mitigate the impacts of Covid 19 upon its communities.

As departments began to work remotely, arrangements were put in place to ensure that governance of the Service was not compromised:

- Under the direction of the Covid Response Group and the Restoration and Renewal Group, new ways of working were introduced, and technology supported these changes.
- The Service held virtual Authority and Committee meetings, with protocols put in place to ensure that they ran effectively; the meetings were live streamed to make them available to the public;
- Internal audits were carried out remotely, with no limitation in the scope of the topic being covered;
- The external audit of the Statement of Accounts was carried out remotely by Grant Thornton and the accounts were approved within legislative deadlines;
- The Service's risk management practices continued with additional registers in place for Covid related issues;
- The updated Code of Corporate Governance reflected the changes put in place as a result of the pandemic.

The Restoration and Renewal Group are now reviewing the effectiveness of these adapted arrangements, to learn lessons about what worked well and what could be improved upon. It will be important to retain the benefits and successful working practices into future working arrangements.

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 Executive Director of Resources 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 Standards, Audit and Performance 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 2019/20. 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 2021. An Annual Governance Statement (AGS) Improvement Plan 2021/22 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 Standards, Audit and Performance Committee and the Service's Service Management Team.

A summary of the areas for further development, contained in the AGS Improvement Plan 2021/22, is given below.

People

Continue to deliver the people strategy including the Whole time and Fire Control shift changes. Produce and implement the actions identified in the On-Call Sustainability Review.

Adopt the new fitness standard whilst assisting with the implementation of fitness support facilities via the refurbishment programme.

Processes

Through the Service Transformation Programme continue to replace paper-based processes with streamlined electronic workflows.

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.

Collaborate with Hereford and Worcester Fire and Rescue Service on the Learning Environment Online (LEO) system.

Implement training activities synchronisation between LEO and EIDRs.

Building Facilities

Deliver the property capital schemes including the Telford Central Fire Station redevelopment project.

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.

Undertake benefits review of the Incident Command Vehicle.

Deliver the Service improvement workstreams of the Response Capability Programme Board.

Collaboration

Support and monitor the strategic alliance programme plan as it evolves. Commence work on the new Community Risk Management Plan (CRMP) year 1 outcomes.

All of the areas for improvement are due to be completed by July 2022, with the exception of the Telford project, which has a completion date of November 2023.

Signed:		
Cllr Roger Evans	Rod Hammerton	James Walton
Chair of Standards, Audit and Performance Committee	Chief Fire Officer	Treasurer

Annual Governance Statement Improvement Plan 2021/22

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. Produce and implement the actions identified in the On-Call Sustainability Review.	Germaine Worker Guy Williams Shaun Baker	<p>The Brigade Order needs changing to reflect shift system changes. The Union are supportive of the Service piloting in 2022 a new methodology for w/time crewing. This pilot will be reviewed in July 2022 in anticipation that the interim brigade order will become permanent. The FBU will present the final agreement for final sign off after the pilot in summer autumn 2022.</p> <p>The retained sustainability project is making steady progress. Three key areas have been identified for further exploration (migration, pay, contracts. The members of the inaugural sustainability project board are being identified following staff movements / promotions etc. The meeting will take place in Sept 2021 and will assess the options identified and presented by the task and finish groups working on these areas. The project will continue to report through STB.</p>	July 2022

Area of Review		Improvement Required	Lead Officers	Progress to date	Completion date
People	2	Adopt the new fitness standard whilst assisting with the implementation of fitness support facilities via the refurbishment programme.	Guy Williams Adam Matthews	As of end of September 2021 all stations will have fitness equipment as per services long term ambition. January 2022 will see the treadmill become the primary testing method for annual testing. The service will also reduce the time period for personnel to achieve 42.3 from 12 to 6 months, full support will be given to staff to achieve the 42.3 standard. Fitness testing facilities will form part of the service refurbishment programme moving forward.	July 2022
Process	3	Through the Service Transformation Programme continue to replace paper-based processes with streamlined electronic workflows. Following migration to the new Finance, Payroll and electronic retained payments systems – develop internal processes to ensure full functionality and compliance within these systems.	Guy Williams Shaun Baker Ged Edwards Joanne Coadey	New ways of working within the Finance Dept – two elements of the original phase 2 plan are ongoing; orders are being looked at as part of a review into procurement processes, and a review into salaries monitoring reports is nearing completion. These are scheduled to be completed by the end of the year.	July 2022
Systems/ Infrastructure	4	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.	Ged Edwards Sally Edwards Guy Williams Shaun Baker	The ICCS testing in HW and SFRS is complete, some issues have been identified through the DNSP and the C&C integration, Lampada scoping out for the duration of the work which will impact on the launch date. FSR for all users has now been embedded. A C&C upgrade for mobilising through FSR is currently in test.	July 2022

Area of Review		Improvement Required	Lead Officers	Progress to date	Completion date
		Collaborate with Hereford and Worcester Fire and Rescue Service on the Learning Environment Online (LEO) system. Implement training activities synchronisation between LEO and EIDRs.		<p>HWFRS are continuing the implementation of LEO. SFRS staff have continued to provide technical support and advice during this initial phase. Eventually both services will benefit from a common platform, being able to access and share e-learning materials, collaborate on learning systems such as competency records and course/competency management.</p> <p>Action Plans have been launched and updates provided with quality assurance.</p> <p>IPDR process is now entering phase 2 with training provided by WM employers.</p> <p>A Training Records and Competency Recording System (TRaCS) has been developed on LEO for Fire Control staff aligned to NOG</p> <p>Officer competencies have been developed and will beta testing Sept/Oct 21 prior to full rollout.</p>	
Building Facilities	5	Deliver the property capital schemes including the Telford Central Fire Station redevelopment project. Introduce improvements to station access and security at all SFRS sites.	Andrew Kelcey Sally Edwards	<p>Capital investment is focussed on the corporate priorities of improving welfare facilities, fitness provision, environmental performance and physical and fire security.</p> <p>Works are on site at Telford and progressing, as planned.</p>	July 2022

Area of Review		Improvement Required	Lead Officers	Progress to date	Completion date
				<p>Works are on site at Ellesmere, Market Drayton and Whitchurch, and progressing as planned.</p> <p>Smaller scale works at Ludlow are complete</p> <p>A scheme for works at Tweedale has been developed, planning permission has been received, and tenders have been issued, received and evaluated. An award is imminent.</p>	
Appliances/ Equipment	6	<p>Deliver the fleet and equipment strategy. To include the introduction of three pumping appliances.</p> <p>Undertake benefits review of the Incident Command Vehicle.</p> <p>Deliver the Service improvement workstreams of the Response Capability Programme Board.</p>	Guy Williams Shaun Baker Andrew Kelcey	<p>Following a repeated tender exercise, 4 bids were received, and an award has been made for 10 pumping appliances, 3 of which will have enhanced foam firefighting capacity. Initial pre-build meetings have been held to confirm design details.</p> <p>The first 3 appliances are expected in February 2022, with the further 7 following in 2 batches.</p> <p>IC vehicle is live, feedback following incidents with regards to performance is being fed back through STB</p>	July 2022
Collaboration	7	<p>Support and monitor the strategic alliance programme plan as it evolves.</p> <p>Commence work on the new Community Risk Management Plan (CRMP) year 1 outcomes.</p>	Jan Morris		July 2022