

Annual Governance Statement 2021/22 and Improvement Plan 2022/23

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 2021/22 and the AGS Improvement Plan 2022/23 to be included in the Fire Authority's Statement of Accounts. It also reports on initial progress of activities contained within the 2022/23 Improvement Plan.

2 Recommendations

The Committee is asked to:

- a) Agree the AGS 2021/22 and 2022/23 Improvement Plan for inclusion in the 2021/22 Statement of Accounts; and
- b) Note the progress made on the 2022/23 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 2022/23

A copy of the AGS Improvement Plan 2022/23 is attached at the Appendix B to this report, which shows progress against each of the planned activities.

The 2022/23 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 2022/23 Improvement Plan. The detailed activities within these six areas have been updated as necessary to align with the Service priorities set out in the 2022/23 Service Plan.

5 AGS 2021/22 and AGS Improvement Plan 2022/23

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 reported to the Committee in April 2022 on the work undertaken during 2021/22.

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 2021/22 and the associated 2022/23 Improvement Plan.

Members are asked to consider and approve the AGS 2021/22 and the Improvement Plan 2022/23, attached at Appendices A and B respectively, for inclusion in the 2021/22 Statement of Accounts.

Monitoring Progress against the AGS Improvement Plan 2022/23

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 2021/22 and 2022/23 Improvement Plan for inclusion in the 2021/22 Statement of Accounts and note the progress made on the 2022/23 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 2021/22

Appendix B

2022/23 Improvement Plan

11 Background Papers

There are no background papers associated with this report.

Draft Annual Governance Statement 2021/22

To accompany the Statement of Accounts 2021/22.

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 2021/22 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 (2019) 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 2021/22 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 Community Risk Management Planning (CRMP) 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 2020/21;
 - Annual Plan 2021/22;
 - Annual Audit Letter 2020/21;
 - Budget Monitoring reports;
 - Service Measures Performance reports;
 - The Service Plan 2021/25, 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 2021/22 related to:
 - Payroll System;
 - Financial System Review;
 - Risk Management and Business Continuity;
 - 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 2021/22 year that the Authority's framework for governance, risk management and internal control processes is sound and working effectively.

Generally, risks are well managed and 2021/22 has continued to see progress in the embedding of key business system changes. Whilst there are no known concerns around the IT environment, this aspect has not been reviewed in the current year.

Internal Audit will be conducting audits in the following areas during 2022/23:

- Main Ledger;
- Creditors;
- Debtors;
- Payroll & Pensions;
- Risk Management;
- Management and Statistical Information;
- Procurement.

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 until January 2022. 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. Intelligence was gained through Health partners by actively engaging in Tactical and Strategic Co-ordination Groups.

The Service's capabilities were also communicated to demonstrate how partners could be supported. The Service offered support to a number of different agencies, and assisted in the following ways:

- Working locally and nationally to influence and share data with NFCC, NHS and Local Authorities and prioritise support to vulnerable members of the community.
- Seconding a Station Manager to work with and support Health and Local Authority partners.
- Assisting with risk assessments and traffic management plans for mass vaccine sites throughout the county.
- Training and deploying staff to undertake parking and logistics across mass vaccine sites.
- Training and deploying vaccinators to support the vaccination roll out across the county.
- Supporting transport of non-covid patients to and from hospital through the secondment of 3 members of staff and vehicles.

Plans were produced to deal with a peak absence rate of 20%; however, the Service experienced much lower absence rates than these initial planning assumptions.

The pandemic impacted the Service in many different ways:

- **Provision of service** – response plans ensuring continuation of operational activities and close collaboration with cross agency working were implemented, and these remained in place into 2021/22.
- **Workforce** – this included continued safety of operational staff and working from home for support staff, with health and wellbeing of high importance. A trial was initiated in the summer of 2021 to assess the effectiveness of new ways of working for staff, to ensure that benefits of hybrid or remote working were not lost as staff returned to the workplace. The trial will be completed during 2022 with new ways of working agreed and developed during the year.
- **Supply chains** – use of existing and new suppliers, access to national supply arrangements and increased stock holdings, ensured continued provision of personal protective equipment and other essential equipment.
- **Restoration of service** – The Service established a Renewal Group, with a focus on key workstreams to ensure continual improvement and learning is taken from the pandemic. This work included:
 - IT systems, infrastructure and security
 - Use of accommodation
 - New ways of working
 - Use of data to support future decision making
 - Review of existing work processes
 - Environmental impact

This is now the New Ways of Working Group, which will continue to identify, assess and implement changes in this area.

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.

CIPFA Financial Management Code

The CIPFA Financial Management Code (the FM Code) is designed to support good practice in financial management and assist in demonstrating the Fire Authority's financial sustainability. Compliance with the FM Code is the collective responsibility of elected members, the Chief Finance Officer and the senior leadership of the organisation.

The way compliance with the FM Code is demonstrated should be proportionate to the circumstances of each local authority.

The six principles of good financial management have been developed to focus on an approach which will determine whether, in applying the standards of financial management, a local authority is financially sustainable. The principles are:

Organisational Leadership – demonstrating clear strategic direction based on a vision where financial management is embedded into organisational culture

Accountability – medium term financial planning that drives the annual budget process and is supported by effective risk management, quality supporting data and whole life costs

Transparency – financial management is undertaken with transparency, using consistent meaning and understandable data, reported frequently with evidence of officer action and elected member decision making

Standards – adherence to professional standards is promoted by the leadership team and evidenced

Assurance – sources of assurance are recognised as an effective tool for financial management, including political scrutiny and the results of internal and external audit and inspection

Sustainability – long term sustainability of services is at the centre of all financial management processes and is evidenced by prudent use of public resources.

The Authority has demonstrated a sound system of financial management which is evidenced by a number of internal and external inspections, including Grant Thornton and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). Officers will continue to work with members and partners to identify and improve performance against the principles detailed within the FM Code.

Significant Internal Control Issues

No significant issues were raised in the External Auditor's Annual Audit Letter 2020/21. 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 2022. An Annual Governance Statement (AGS) Improvement Plan 2022/23 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 2022/23, 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

- Migration
- Pay
- Contracts

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.

Systems/IT Infrastructure

Continual improvement of network security to a standard for adopting the implementation of the Emergency Service Network that guards against cyber threats and minimises disruption to daily operations.

Enhance the workflows in Fire Service Rota (FSR) to incorporate as many pay elements as possible so that manual processes are removed.

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.

Review training facilities across the estate and consider feasibility study outcomes

Appliances and Equipment

Deliver the fleet and equipment strategy to include the introduction of three pumping appliances.

Collaboration

Support and monitor the strategic alliance programme plan including replacement Command and Control system.

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

Annual Governance Statement Improvement Plan 2022/23

Area of Review		Improvement Required	Lead Officers	Progress to date	Reporting Year
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 <ul style="list-style-type: none"> • Migration • Pay • Contracts 	Guy Williams Adam Matthews	<p>Wholetime shift system pilot has been measured against the National Fire Chiefs Council (NFCC) self-assessment tool with positive results. The 6-month report is being taken to September Service Management Team (SMT) with a recommended shift process for 2023. This will incorporate all learning from the pilot and will endeavor to have the support of representative bodies. This will then form the majority of the collective agreement for wholetime shift working.</p> <p>On Call Sustainability Project (OCSP) is to be formally launched at the September 9th On Call conference. Options include changes to pay, contracts, transfer process (formerly migration) leading fire fighter rank and other initiatives. A dedicated project manager and Fire Service Rota (FSR) administrator are to be added to support the delivery of the project as its implementation kick starts in 2023.</p>	2022/23
People	2	Adopt the new fitness standard whilst assisting with the implementation of fitness support facilities via the refurbishment programme.	Guy Williams Chris White	The amended Fitness Policy is under consultation currently. Improved process is working well with staff in amber and red receiving support from Fitness Advisor and Fitness Associate Trainers with all support being recorded within Human Resources (HR).	2022/23

Area of Review		Improvement Required	Lead Officers	Progress to date	Reporting Year
Process	3	Through the Service Transformation Programme continue to replace paper-based processes with streamlined electronic workflows.	Ged Edwards	The recent departmental review has identified the need to recruit a business analyst to support this activity. Work has started with HR to scope out a job description and determine cost implications.	2022/23
Systems / Infrastructure	4	Continual improvement of network security to a standard for adopting the implementation of the Emergency Service Network that guards against cyber threats and minimises disruption to daily operations. Enhance the workflows in Fire Service Rota (FSR) to incorporate as many pay elements as possible so that manual processes are removed.	Ged Edwards Sally Edwards Guy Williams Adam Matthews	Security work continues and the recent purchase of DarkTrace adds another layer of protection. It provides artificial intelligence about typical organisational network activity so that a potential cyber-attack can be interrupted within seconds. The enhancements to FSR will be delivered as part of the On Call Sustainability Project.	2022/23
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. Review training facilities across the estate and consider feasibility study outcomes	Andrew Kelcey Sally Edwards Adam Matthews	Telford Central refurbishment is continuing. Supply chain and technical issues are being identified and managed through a formal project approach. Costs are being obtained for additional door and window replacements through the national LHC framework, which will also include some lock replacements. Costs are being obtained for additional solar panel installations to improve environmental performance and reduce future energy costs.	2022/23

Area of Review		Improvement Required	Lead Officers	Progress to date	Reporting Year
Appliances/ Equipment	6	Deliver the fleet and equipment strategy to include the introduction of new pumping appliances.	Guy Williams Adam Matthews Andrew Kelcey	10 new pumping appliances are now with the Service. Driver and operator training is ongoing. Equipment and fleet enhancement will be managed through the Service's Resource/Ops Tech review.	2022/23
Collaboration	7	Support and monitor the strategic alliance programme plan including replacement Command and Control system.	Dan Quinn	<p>Assistant Chief Fire Officer (ACFO) Ade Elliott has been appointed the Project Executive from Hereford and Worcester Fire and Rescue Service (HWFRS) following Deputy Chief Fire Officer (DCFO) Keith Chance's retirement.</p> <p>Following this, ACFO Elliott and Maxine Laugher, Area Commander Emergency Services Mobile Communications Programme (ESMCP) & Fire Control Projects, from HWFRS have visited the Service to commence a project handover. Maxine met with Sally Edwards, ICT Manager and Kristy Jarvis, Station Manager Fire Control to review and agree the System specification. ACFO Dan Quinn has now received the team structure, Gantt charts and project outline from ACFO Elliott.</p> <p>Consequently, the Service's project coordinator needed to be appointed as soon as possible. In addition, ACFO Quinn has suggested that Maxine work out of the Service on occasion and the Service's person would similarly work from HWFRS.</p>	2022/23