

Annual Governance Statement 2022/23 and Improvement Plan 2023/24

Report of the Chief Fire Officer

For further information about this report please contact Simon Hardiman, 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 2022/23 and the AGS Improvement Plan 2023/24 to be included in the Fire Authority's Statement of Accounts. It also reports on the close down of activities contained within the 2022/23 Improvement Plan.

2 Recommendations

The Committee is asked to:

- a) Note the progress and close down of the 2022/23 Improvement Plan; and
- b) Agree the AGS 2022/23 and 2023/24 Improvement Plan for inclusion in the 2022/23 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 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 Appendix A 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 2023/24 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 Annual Plan.

5 AGS 2022/23 and AGS Improvement Plan 2023/24

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. Worcestershire Internal Audit Shared Service provides this service and will report to the Committee in July 2023 on the work undertaken during 2022/23.

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 2022/23 and the associated 2023/24 Improvement Plan.

Members are asked to consider and approve the AGS 2022/23 and the Improvement Plan 2023/24, attached at Appendices B and C respectively, for inclusion in the 2022/23 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 2022/23 and 2023/24 Improvement Plan for inclusion in the 2022/23 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

2022/23 Improvement Plan (Close down)

Appendix B

Draft Annual Governance Statement 2022/23

Appendix C

2023/24 Improvement Plan

11 Background Papers

There are no background papers associated with this report.

Annual Governance Statement Improvement Plan 2022/23 (Close down)

| Area of Review | | Improvement Required | Lead Officers | Internal Board reported to | 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 | Marc Millward Alec Thomas | New Ways of Working Board (NWOW) 19 April 2023 | <p>Wholetime shift system pilot finished in January 2023. The March 2023 Service Management Team report detailed the improvements, challenges and learning captured from the pilot. An End Project Report has been completed and will be presented to Project Board (NWOW Board).</p> <p>The reports recommended forming a Wholetime Shift System Working Group to continue with evaluation of the changes and identify further opportunities. They also recommended a Training Delivery Working Group to review the current training delivery model, assess the impact upon wholetime operational availability, evaluate the expectations made by the Service of On-call Firefighters and make recommendations to improve productivity and efficiency. Both groups will report their findings to Operations Board in July 2023.</p> <p>Collective Agreement has been shared with the Service Management Team and Fire Brigades Union for comment.</p> | 2022/23 |

| Area of Review | | Improvement Required | Lead Officers | Internal Board reported to | Progress to date | Reporting Year |
|----------------|---|--|------------------------------|---|--|----------------|
| | | | | | <p>Project Manager (Alec Thomas) in place and establishing the priority of work packages that can be delivered.</p> <p>The alerter project has been progressed with a commitment from the Service to issue new alerter to all On Call staff.</p> <p>Internal Transfer Process was completed in March 2023. 8 x On Call Firefighters will be making the transition to wholetime in May 2023.</p> | |
| People | 2 | Adopt the new fitness standard whilst assisting with the implementation of fitness support facilities via the refurbishment programme. | Marc Millward Chris White | New Ways of Working Board (NWOW) 19 April 2023 | <p>New brigade order is now in place and the Service are benefitting from the personnel changes made by the Fitness Assessment provider.</p> <p>Feasibility study of station fitness facilities has been completed. It has been agreed to run a trial at Baschurch Station using a stand alone 'fitness pod'. Following completion of the trial this will be rolled out to a number of stations across the estate.</p> | 2022/23 |
| Process | 3 | Through the Service Transformation Programme continue to replace paper-based processes with streamlined electronic workflows. | Ged Edwards | Systems Governance Group (SGG) 18 April 2023 | This activity will be progressed once a Business Analyst has been recruited into the Service. The recent departmental review identified the need to recruit a business analyst to support this activity. A job description has been developed and has been evaluated through the Skills For Information Age (SFIA) framework. | 2022/23 |

| Area of Review | | Improvement Required | Lead Officers | Internal Board reported to | Progress to date | Reporting Year |
|--------------------------------|---|---|---|--|--|----------------|
| | | | | | Budgets are currently being reviewed in order to assess how this post and others within the review will be funded. | |
| 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 Marc Millward | Service Management Team (SMT) 1 March 2023 On Call Sustainability (OCS) Board 19 April 2023 | The cyber assessment questionnaire has been completed for IBM to review and this will identify trends and gaps across the UK Fire Service and the next steps include sharing best practice and resources. The longer term objective is to establish a model for cyber continuous assurance process. In addition to the Home Office/NFCC initiative the NCSC cyber resilience toolkit will continue to be followed to combat against cyber risks. FSR administrator has been appointed and is currently working with the OCS Project Manager to prioritise activities for the application. Workpackages will be issued once these priorities have been agreed. | 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. | Andrew Kelcey Sally Edwards Adam Matthews | Telford Programme Board 10 January 2023 | Telford Central refurbishment is continuing. Supply chain and technical issues are being identified and managed through a formal project approach. Door and window replacement works have been completed at various sites, including replacement access systems. | 2023/24 |

| Area of Review | | Improvement Required | Lead Officers | Internal Board reported to | Progress to date | Reporting Year |
|-------------------------------|---|---|---|---|--|----------------|
| | | Review training facilities across the estate and consider feasibility study outcomes. | | NWOW Board 19 April 2023 | <p>Costs are being obtained for additional solar panel installations to improve environmental performance and reduce future energy costs.</p> <p>Training facilities review feasibility study for the Telford Central (TC) site have been received. Due to ongoing issues at TC and the volatility in the materials market it isn't appropriate to proceed with the initial training centre plans. Interim "light touch" works are being completed at Training Centre to improve working conditions. Work is ongoing to look at the wider training facility estate and will be informed by the On Call Sustainability Project.</p> | |
| Appliances / Equipment | 6 | Deliver the fleet and equipment strategy to include the introduction of new pumping appliances. | Marc Millward Adam Matthews Andrew Kelcey | Operations Board 20 th April 2023 | A specification has been prepared for 9 additional appliances over 3 years, which will be issued through the Telford and Wrekin tendering system shortly. | 2023/24 |
| Collaboration | 7 | Support and monitor the strategic alliance programme plan including replacement Command and Control system. | Dan Quinn | Alliance Programme Delivery Board 2 nd Feb 2023 | Following the tender process for the replacement Command and Control system a Contract Award will be on 5 June 2023. The project team will be in place after the contract award (July onwards). | 2022/23 |

Draft Annual Governance Statement 2022/23

To accompany the Statement of Accounts 2022/23.

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 2022/23 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 2022/23 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 2021/22;
 - Annual Plan 2022/23;
 - Annual Audit Letter 2021/22;
 - 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 2022/23 related to:
 - Finance - Creditors;
 - Finance - Main Ledger;
 - Finance - Sundry Debtors;
 - Management and Statistical Data;
 - Procurement;
 - Risk Management.

Based on the work undertaken and management responses received, the Head of Internal Audit has offered reasonable assurance for the 2022/23 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 2022/23 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 2023/24:

- Payroll;
- Business Continuity;
- Procurement and Projects;
- Stores;
- Fleet Maintenance;
- Community Engagement and Safety.

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 2021/22. 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 2023. An Annual Governance Statement (AGS) Improvement Plan 2023/24 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 2023/24, is given below.

People

Implement the actions identified in the On-Call Sustainability Review through the delivery of the OCS Project.

Implementation of fitness support facilities via the refurbishment programme.

Processes

Through the Service Programme Board 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 new pumping and specialist appliances.

Collaboration

Oversee the replacement of the new Command and Control system.

Operations

Undertake an operations resource and capability review to support the next Community Risk Management Plan (CRMP) which will come into effect in 2025.

| | | |
|---|--------------------|--------------|
| Signed: | | |
| Cllr Kevin Pardy | Simon Hardiman | James Walton |
| Chair of Standards, Audit and Performance Committee | Chief Fire Officer | Treasurer |

Annual Governance Statement Improvement Plan 2023/24

| Area of Review | | Improvement Required | Lead Officers | Internal Board reported to | Progress to date | Reporting Year |
|------------------------------------|---|--|---|----------------------------|------------------|----------------|
| People | 1 | Implement the actions identified in the On-Call Sustainability Review through the delivery of the OCS Project. | Alec Thomas | | | |
| People | 2 | Implementation of fitness support facilities via the refurbishment programme. | Marc Millward Chris White | | | |
| Process | 3 | Through the Service Programme Board continue to replace paper-based processes with streamlined electronic workflows. | Ged Edwards | | | |
| 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 Marc Millward | | | |
| Building Facilities | 5 | Deliver the property capital schemes including the Telford Central Fire Station redevelopment project. | Andrew Kelcey Sally Edwards Adam Matthews | | | |

| Area of Review | | Improvement Required | Lead Officers | Internal Board reported to | Progress to date | Reporting Year |
|------------------------------|---|--|--|----------------------------|------------------|----------------|
| | | <p>Introduce improvements to station access and security at all SFRS sites.</p> <p>Review training facilities across the estate and consider feasibility study outcomes.</p> | | | | |
| Appliances/ Equipment | 6 | Deliver the fleet and equipment strategy to include the introduction of new pumping and specialist appliances. | Marc Millward Jan Morris (Scott Hurford) Andrew Kelcey | | | |
| Collaboration | 7 | Oversee the replacement of the new Command and Control system. | Dan Quinn | | | |
| Operations | 8 | Undertake an operations resource and capability review to support the next Community Risk Management Plan (CRMP) which will come into effect in 2025. | Guy Williams Janette Morris | | | |