Annual Governance Statement 2014/15 and Improvement Plan 2015/16

Report of the Chief Fire Officer

For further information about this report please contact John Redmond, Chief Fire Officer, on 01743 260205 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 2014/15 and AGS Improvement Plan 2015/16 to be included in the Fire Authority's Statement of Accounts; and it also details progress on the 2014/15 Improvement Plan.

2   Recommendations

The Committee is asked to:

a)   Note the progress made on the 2014/15 Improvement Plan;
b)   Agree to close the 2014/15 Improvement Plan, carrying forward any outstanding issues to the 2015/16 Improvement Plan; and
c)   Agree the AGS and 2015/16 Improvement Plan for inclusion in the 2014/15 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 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

4 Monitoring Progress against the AGS Improvement Plan 2014/15

A copy of the AGS Improvement Plan 2014/15 is attached at Appendix A to this report, which shows progress against each of the planned activities.

The 2014/15 Improvement Plan monitored against 7 areas of activity. Of these activities Service Transformation Programme, Payroll Review and Operational Assurance will be transferred over into the 2015/16 Plan.

A summary of the Health and Safety Action Plan outcomes will be transferred over into the 2015/16 Improvement Plan. Detailed progress of the projects will be monitored under the Service Transformation Programme.

The Integrated Risk Management Plan reviews (Fire Control, Shift Pattern Changes and Telford Central Improvements) will be monitored through the Service Transformation Programme.

The Information Communications and Technology (ICT) activities in the 2014/15 Improvement Plan have been completed and new ICT activities have been identified as improvements for the 2015/16 Improvement Plan.

The Hereford and Worcester Memorandum of Understanding (MOU) achieved the requirements of the capital bid submission to Communities and Local Government (CLG). Additional activities over and above the bid requirements are departmental level objectives for ICT and Fire Control.

5 AGS 2014/15 and AGS Improvement Plan 2015/16

In accordance with the Accounts and Audit Regulations 4 (2), 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 2014/15.

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 2014/15 and its associated 2015/16 Improvement Plan.

Members are asked to consider and approve the draft AGS 2014/15 and the draft Improvement Plan 2015/16, attached as Appendices B and C respectively, for inclusion in the 2014/15 Statement of Accounts.

6 Monitoring Progress against the AGS Improvement Plan 2015/16

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.

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 Initial Impact Assessment

An Initial Impact Assessment has been completed.

10 Equality Impact Assessment

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

11   Appendices

Appendix A
Annual Governance Statement Improvement Plan 2014/15

Appendix B
Draft Annual Governance Statement 2014/15

Appendix C
Draft Annual Governance Statement Improvement Plan 2015/16

12   Background Papers

There are no background papers associated with this report.

Appendix A to report on
Annual Governance Statement 2014/15 and
Improvement Plan 2015/16
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
9 July 2015

Annual Governance Statement Improvement Plan 2014/15

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Hereford and Worcester (HWFRS) Memorandum of Understanding	1	Continue with the work with HWFRS on the MOU through the following workpackages: 1. Virtual Private Network (VPN)/Fixed Link 2. Communication Control Interface (CCI) 3. Standardisation of icons on the Integrated Communication Control System (ICCS) 4. Fall-back arrangements with Cleveland Fire Brigade 5. Standardisation of mobilising procedures 6. Standardisation of operational procedures	Louise McKenzie	Good progress continues to be made and CLG visited for the last time in December and reported being extremely impressed with the project results. The installation of the fixed line remains outstanding due to issues that H&W are dealing with. We are awaiting confirmation of an installation date at their HQ. Standardisation of mobilising and operational procedures continues and will do so beyond the end of the project plan.	Complete December 2014
Service Transformation Programme	2	Year three of the Programme Plan was agreed by STPB at its meeting on 7 May. All the Work Packages and Projects Plans have been identified and resources allocated against them. The main overarching areas of delivery are associated with the development of Resourcelink, SharePoint Implementation, Mobile Working Activities, Improvements to the Command and Control System and Building Improvements. Reports on Programme Benefits will be reported to APMC as reviews are undertaken.	Ged Edwards	All Projects / Work Packages are being monitored and progress is reported to the Programme Board. The Programme has been updated, extended up to 2020 and now includes IRMP activities. The Programme forms the basis of the 5 year action plan, which is contained within the recently published 2015-2020 Service Plan. A number of benefits reviews were presented to the Committee in April on the following areas: Command and Control; Business Intelligence; Retained Availability; and ResourceLink implementation.	Ongoing

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Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Integrated Risk Management Plan (IRMP)/ 20:20 Review	3	To ensure the Service is able to deliver the 20:20 process, which involves a series of reviews, consultations and decisions, it is being managed as a project, which will include: 1. Undertaking a thorough review of the Authority's Strategic IRMP; 2. Planning to meet the demands of a much reduced budget, by ensuring the Service's Public Value process looks further into the future; and 3. Meeting the requirements of the new Fire and Rescue Service National Framework Document	Andy Johnson	With Phase 3 consultation completed, the Strategic Risk and Planning (StRaP) Group made recommendations to the Strategy and Resources Committee, which were accepted by the Fire Authority at its October meeting. The changes to the document, based on consultation feedback, have been made. The IRMP Action Plan for the coming year has been created and both documents were published in April 2015.	Complete. 3 major projects contained within the Action Plan to be monitored through the STP.
ICT Network infrastructure	4	Following previous ICT internal audit reports the Service will continue to invest in hardware and communication technologies that: 1. Ensure ICT systems are continuously available and failsafe; 2. Improve ICT processes and procedures in supporting the day-to-day function of the department; and 3. Enable employees to work from any location, on any device and over any connection.	Sally Edwards	The infrastructure improvements have been completed and any further work will be monitored through Service Transformation Programme. The internal audit report recommendations have been addressed.	Complete

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Health and Safety Management	5	Implement the action plans following the review of the Health and Safety Executive (HSE) Consolidation Report, based on the eight inspections completed in 2009/10.	Andy Perry	The Management Information Systems for the recording and auditing of training and assurance are currently being reviewed and forms part of the IRMP 2015 - 2020. This will, in some areas, prolong the recording, monitoring and auditing elements of the HSE Consolidation Report Action Plan. This Plan has now been closed and the remaining elements are being monitored through the Service Transformation Board.	Action Plan Closed. Remaining elements to be monitored through STP
Outcomes of Operational Assurance Assessment (OpA)	6	Close down report, including proposal for the next OpA process, will go to A&PMC in April 2015. Carry out OpA exercise in 2015 and implement any recommendations.	Rod Hammerton	A full assessment of performance against the improvement objectives of the previous OpA and Peer Review is now complete and, owing to officer availability, will be reported to APMC in September 2015. However, it is worthy of note that the main thrust of the OpA was greater collaboration with Hereford and Worcester FRS, which continues to be an organisational commitment through the ongoing operational collaboration of Project Arrow.	Sept 2015 Moved into 2015/16 Improvement Plan
Payroll Systems Review	7	Review and improve payroll systems	Louise McKenzie/ Joanne Coadey	Good progress continues to be made and there is still work to do. Officers invited some external support to advise on any essential work required and they found none outside of the work already planned. Officerd have started work to streamline travel and subsistence claims and this has been completed with UNISON and the other unions.	Managed through the STP

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Appendix B to report on
Annual Governance Statement 2014/15 and
Improvement Plan 2015/16
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
9 July 2015

Draft Annual Governance Statement 2014/15

To accompany the Statement of Accounts 2014/15

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'.

A copy of the Code is on our website at:

https://www.shropshirefire.gov.uk/code-corporate-governance-201415-0

A paper copy can be obtained from the Executive Support function within the Service.

This Statement explains how the Fire Authority has complied with the Code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 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 2014/15 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 (2010) and, where they do not, explain why and how they deliver the same impact;
- undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities;
- 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 2014/15, 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)   During the year the Authority has continued with its Public Value approach towards planning, budget and cost saving measures. The Year 4 (2014/15) Public Value initiatives have resulted in a £454,000 reduction in the Authority's budget, with minimal disruption to service delivery.

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

f)   The Fire Authority has received and/or adopted:

- o   Statement of Accounts 2013/14;
- o   Annual Plan 2014/15;
- o   Public Value Year 4 2014/15 outcomes;
- o   Annual Audit Letter 2013/14;

o   Budget Monitoring reports;

o   Public Value Measure Performance reports;

o   Periodic performance reports; and

o   The Medium Term Corporate Plan, strategy and budget.

g)   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.

h)   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.

i)   Audits completed by Internal Audit during 2014/15 related to:

- Corporate Governance
- Technical Services Assets – Fire Hydrants
- Risk Management
- Payroll
- Anti-Fraud, Bribery and Corruption Strategy
- IT Audit Follow Up Review
- Banking Arrangements
- Insurance
- Purchase and Procurement
- Previous Recommendation Follow Up

On the basis of the work undertaken and management responses received, the Authority's financial systems, internal control environment and risk management procedures are sound and working effectively and the Audit Service Manager is able to deliver a positive year-end opinion on the Authority's internal control environment for 2014/15.

Internal Audit will be conducting audits into the following areas during 2015/16:

- Corporate Governance
- Payroll System
- Budget Preparation and Control
- Firefighter Pension Account
- Income Collection and Debtors
- Capital Budgeting and Accounting
- Computer Services
- Risk Management
- Purchasing and Procurement
- Travel and subsistence
- Fraud and Corruption
- Previous recommendations 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 (2010).
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 2011.

The Chief Financial Officer's role is discharged through:

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

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

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

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

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

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

Significant Internal Control Issues

No significant issues were raised in the External Auditor's Annual Audit Letter 2013/14. 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, during March 2015. An Annual Governance Statement (AGS) Improvement Plan 2015/16 has been produced, based on the findings from this process. Progress made against the Plan will be monitored by the Risk Management Group, with quarterly 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 2015/16, is given overleaf.

Service Transformation Programme

The Programme has been updated, extended up to 2020 and now includes IRMP activities. The Programme forms the basis of the 5-year action plan, which is contained within the recently published 2015-2020 Service Plan.

An annual benefits review will be presented to the APMC and progress on the three main IRMP workstreams will be reported to ther Fire Authority in October 2015.

Information and Communications Technology (ICT)

The Command and Control system (C&C) still uses analogue communications, which is aging technology that has become difficult to support and obtain spares for, and is increasingly unreliable. With the new Wide Area Network (WAN) in place and the rebuilt C&C it is now possible to move to digital communications.

Asset management of personally allocated equipment is required and will be achieved by the improved use of mobile device management software, a change in policy and procedures, and better utilisation of information systems.

Experiences of introducing the first phase of Service Transformation will shape how the Service adopts new technology and systems throughout the organisation going forward. This will include Service Management Team training and planning days and the introduction of a new role for implementing change across the Service.

Health and Safety Management

Address the inability to electronically record, monitor and audit:
- Employee Individual Development Reviews
- On station trainers' reviews
- Training and Assurance Centre Instructors' reviews

Operations

The process required to ensure fireground 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.

Payroll Systems Review

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.

Operational Assurance Peer Review Outcomes.

New guidance has been issued. Officers are currently reviewing the guidance with a view to undertaking a self-assessment and peer review early next year.

Signed:

Cllr Dr Jean Jones
Chair of Audit and
Performance Management
Committee

John Redmond
Chief Fire Officer

James Walton
Treasurer

Appendix C to report on
Annual Governance Statement 2014/15 and
Improvement Plan 2015/16
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
9 July 2015

Draft Annual Governance Statement Improvement Plan 2015/16

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Service Transformation Programme and Integrated Risk Management Planning (IRMP) Action Plan	1	The Programme has been updated, extended up to 2020 and now includes IRMP activities. The Programme forms the basis of the 5-year action plan, which is contained within the recently published 2015-2020 Service Plan. An annual benefits review will be presented to the Audit and Performance management Committee and progress on the three main IRMP workstreams will be reported to the Fire Authority in October 2015.	Ged Edwards And Andy Johnson		2020 (to be reviewed every 12 months)
ICT	2	The C&C still uses analogue communications, which is aging technology that has become difficult to support and obtain spares for, and is increasingly unreliable. With the new Wide Area Network (WAN) in place and the rebuilt C&C it is now possible to move to digital communications. Asset management of personally allocated equipment is required and will be achieved by the improved use of mobile device management software, a change in policy and procedures, and better utilisation of information systems. Experiences of introducing the first phase of Service Transformation will shape how the service adopts new technology and systems throughout the organisation going forward. This will include Service Management Team training and planning days and the introduction of a new role for implementing change across the Service.	Sally Edwards		July 2016

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Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Health and Safety	3	Address the inability to electronically record, monitor and audit: • Employee Individual Development Reviews • On station trainers' reviews • Training and Assurance Centre Instructors' reviews	Andy Perry		December 2015
Operations	4	The process required to ensure fireground 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.	Andy Perry		April 2018
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.	Louise McKenzie/ Joanne Coadey		Managed through STP
Operational Assurance	6	New guidance has been issued. Officers are currently reviewing the guidance with a view to undertaking a self-assessment and peer review early next year.	Rod Hammerton		June 2016

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