

Annual Governance Statement 2012/13 and Improvement Plan 2013/14

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 and Performance 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 2012/13 and AGS Improvement Plan 2013/14 to be included in the Fire Authority's Statement of Accounts; and it also details progress on the 2012/13 Improvement Plan.

2 Recommendations

The Committee is asked to:

- a) Note the progress made on the 2012/13 Improvement Plan;
- b) Agree to close the 2012/13 Improvement Plan, carrying forward any outstanding issues to the 2013/14 Improvement Plan; and
- c) Agree the AGS and 2013/14 Improvement Plan for inclusion in the 2012/13 Statement of Accounts.

3 Background

Corporate governance and accounting regulations require the Fire Authority to publish, on a timely basis, within its annual report, 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.

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 2012/13

A copy of the AGS Improvement Plan 2012/13 is attached at Appendix A to this report, which shows progress against each of the planned activities.

The Health and Safety Management workstream has not been completed this year and as a consequence will be carried forward into 2013/14 Improvement Plan.

The major outstanding project activity associated with the Command and Control system, implementation of Station End Equipment, has now been completed. There remains a number of outstanding activities relating to network infrastructure improvements and upgrading of ancillary equipment, which will continue. To ensure these outstanding activities are monitored and completed they will continue as a work stream of the Service Transformation Programme and the Hereford and Worcester Memorandum of Understanding.

5 AGS 2012/13 and AGS Improvement Plan 2013/14

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 reported to this Committee in June on the work undertaken during 2012/13. 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 2012/13 and its associated 2013/14 Improvement Plan.

Members are asked to consider and approve the draft AGS 2012/13 and the draft Improvement Plan 2013/14, attached as Appendices B and C respectively, for inclusion in the 2012/13 Statement of Accounts.

6 Monitoring Progress against the AGS Improvement Plan 2013/14

This 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 this 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 Appendices

Appendix A

Annual Governance Statement Improvement Plan 2012/13

Appendix B

Draft Annual Governance Statement 2012/13

Appendix C

Draft Annual Governance Statement Improvement Plan 2013/14

11 Background Papers

There are no background papers associated with this report.

Annual Governance Statement Improvement Plan 2012/13

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Financial Management	1	Ensure that strategic financial planning takes account of likely changes to funding streams, in terms of business rates retention and localisation of council tax support, as a result of new legislation.	Joanne Coadey	The revenue budget for 2013/14 was approved by the Fire Authority on 13 February, which took into account these changes in funding streams.	Completed
	2	Public Value and the 2020 Strategy will consider how the Service is structured and meets the challenge of further budget settlements.		A strategic planning model is in place, based on the changes in 2013/14, which models budget and funding to 2019/20. This identifies possible future deficit for 2020 Strategy, and will enable service changes to be proposed that align budget to risk within the community.	Ongoing. Will be carried forward to the 2013/14 Improvement Plan for continued monitoring.
Resource Management	3	The Service needs to complete the implementation of the Asset Management System. Existing systems will be audited to seek assurance that they are robust and fit for purpose.	Andrew Kelcey	This workstream was closed at A&PMC in November 2012 with a number of follow on actions that will be monitored departmentally. The system is being using for IT and BA assets and internal systems for other assets are being reviewed.	Completed
Operations and Fire Control	4	Embedding of the Command and Control (C&C) system to suit the needs of the Service and the Community.	Andy Johnson / Ged Edwards	The implementation of the replacement Station End Equipment (SEE) has now been completed. Outstanding activities relating to improving Command and Control infrastructure security and upgrading of ancillary equipment will continue with the Service provider.	To be extended until the end of December 2013.

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
				Activities associated with the C&C as part of the Memorandum of Understanding with Hereford and Worcester will be monitored through the Service Transformation Programme.	
	5	Determine and implement an appropriate in life support arrangement for the Command and Control System.	Andy Johnson / Ged Edwards	The Service has adopted the Service Management Plan (SMP) with Telnet now that Information Communications and Technology (ICT) staff out of hours cover has commenced.	See 4 above
	6	Consideration to be given to the outcomes of the Operational Assurance (OpA) Peer Review.	Steve Worrall	This is complete. OpA Peer Review Report and outcomes presented to CFA on 13 February 2013. Approval given to the formation of a 'strategic alliance' with HWFRS to address six-point action plan arising from review is incorporated into the Service Transformation Programme.	Completed
Health and Safety Management	7	Implement the action plans following the review of the Health and Safety Executive consolidation report based on the eight inspections completed in 2009/10.	Andy Perry	The outcomes of the Action Plan have been disseminated to the relevant departments, Training and Development and Operations. Some of the proposals have been linked together, due to their similarity, and Departments have produced Delivery Plans and work packages for staged implementation. There are currently 15 Work Packages.	Ongoing. Will be carried forward to the 2013/14 Improvement Plan for continued monitoring.

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Service Transformation Programme	8	The Service Transformation Programme will monitor key areas including the implementation of a number of systems (Human Resources, Performance Management and Information Management Review). The programme will aid in embedding and supporting appropriate systems to ensure the most efficient use of our resources.	Ged Edwards	Members requested regular update reports to APMC. At the previous 2 meetings an Annual Report has been presented and presentations of specific projects. Members may now want to consider what method of reporting against the programme they require.	Ongoing. Will be carried forward to the 2013/14 Improvement Plan for continued monitoring.
ICT and Communications	9	Improved resilience of the shadow site at Telford Central needs to be fully assured when installation is complete. This will include the provision of secure Business Continuity information, accessible at all times to appropriate managers.	Sally Edwards	This is complete. It will be reviewed annually to ensure that the infrastructure is updated and benefits from advances in technology.	Completed
Risk Management and Business Continuity Planning	10	Internal audit has identified that members of the Risk Management Group require some measure of training and/or qualification to ensure that all risk-related issues are dealt with in line with best practice.	Ged Edwards	This has been completed. Members of the Senior Management Team and Risk Management Group attended training provided by Zurich on 1/11/12.	Completed

Draft Annual Governance Statement 2012/13

To accompany the Statement of Accounts 2012/13

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/sites/alpha.shropshirefire.gov.uk/files/fra/08-code-of-corporate-governance-2012-13.pdf>

A paper copy can be obtained from the Corporate Services Department 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 2012/13 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;
- measure the quality of services for users, ensuring they are delivered in accordance with the Authority's objectives and that they represent the best use of resources and value for money;
- 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 2012/13, 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 continues to bring together the requirements of Public Value, Integrated Risk Management Planning (IRMP) 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 2 (2012/13) Public Value initiatives have resulted in a £597,000 reduction in the Authority's budget, with minimal disruption to service delivery.
- e) The Service has invested significantly in its Information and Communications Technology and command and control infrastructure.

- f) The Fire Authority has received and/or adopted:
- Statement of Accounts 2011/12;
 - Corporate Plan 2012/13;
 - Public Value Year 2 2012/13 outcomes;
 - Annual Audit Letter 2011/12;
 - Budget Monitoring reports;
 - Public Value Measure Performance reports;
 - External security audits;
 - Periodic performance reports; and
 - 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 2012/13 related to:
- Corporate governance
 - Capital accounting and budgeting
 - Purchasing cards
 - Creditors master file (fraud and corruption)
 - Payroll system
 - Income and debtors
 - Data transparency
 - Computer services
 - Risk management
 - 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 2012/13.

Internal Audit will be conducting audits into the following areas during 2013/14:

- Payroll system
- Budget preparation and control
- Capital budgeting and accounting
- Computer services
- Command and Control system

- Purchasing and procurement
- Creditors system
- Partnerships
- Technical services – assets
- Risk management
- Corporate governance
- Fraud and corruption
- Previous recommendation follow up

The Role of the Chief Financial Officer

The Authority is compliant with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (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:
 - Five meetings of the Fire and Rescue Authority;
 - Four meetings of the Strategy and Resources Committee; and
 - Four 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 2011/12. 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 May and June 2013. An Annual Governance Statement (AGS) Improvement Plan 2013/14 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 2013/14, is given below:

Hereford and Worcester Memorandum of Understanding (MoU)

Hereford and Worcester and Shropshire and Wrekin Fire and Rescue Authorities have now procured and implemented command and control systems from the same supplier.

The MoU seeks to develop plans to align fully the two new systems, to create a single virtualised data system, which will be capable of being operated from control rooms located in Worcester and Shrewsbury.

The deployment of a fully integrated solution with common operating procedures offers improved resilience and broader operational benefits to both Services.

Service Transformation Programme

The first year of the Service Transformation Programme has included a series of reviews culminating in the development of an information management strategy and a roadmap for delivery. The second year of the Programme will involve the implementation of a number of key systems to support the delivery of the strategy. This includes the introduction of a document management system and the upgrade of the people management and fire safety systems. The Programme will aid in embedding and supporting appropriate systems to ensure the most efficient use of our resources.

Integrated Risk Management Plan (IRMP 2020 Review)

To ensure the Service is able to deliver the 2020 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.

Information and Communications Technology (ICT) Corporate Network Infrastructure

Following previous ICT internal audit reports the Service will continue to invest in its corporate infrastructure.

1. To ensure the infrastructure is optimised for high availability;

2. To improve and embed processes and procedures for measures that prevent, mitigate and prepare for ICT emergencies; and
3. To enhance the infrastructure with scalable technologies that provide employees with better mobility and accessibility to systems, while carrying out their duties.

Health and Safety Management

Implement the action plans following the review of the Health and Safety Executive consolidation report, based on the eight inspections completed in 2009/10.

Operational Assurance Peer Review Outcomes.

Implement the outcomes of the 2012 Operational Assurance peer review report.

Signed:



Cllr Dr Jean Jones
Chair of Audit and
Performance Management
Committee

John Redmond
Chief Fire Officer

James Walton
Treasurer

Draft Annual Governance Statement Improvement Plan 2013/14

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Hereford and Worcester Memorandum of Understanding (MoU)	1	<p>Hereford and Worcester and Shropshire and Wrekin Fire and Rescue Authorities have now procured and implemented command and control systems from the same supplier.</p> <p>The MoU seeks to develop plans to align fully the two new systems, to create a single virtualised data system, which will be capable of being operated from control rooms located in Worcester and Shrewsbury.</p> <p>The deployment of a fully integrated solution with common operating procedures offers improved resilience and broader operational benefits to both Services.</p>	Steve Worrall		April 2015
Service Transformation Programme	2	<p>The first year of the Service Transformation Programme has included a series of reviews culminating in the development of an information management strategy and a roadmap for delivery. The second year of the Programme will involve the implementation of a number of key systems to support the delivery of the strategy. This includes the introduction of a document management system and the upgrade of the people management and fire safety systems.</p> <p>The Programme will aid in embedding and supporting appropriate systems to ensure the most efficient use of our resources.</p>	Ged Edwards		Ongoing Brought forward from the 2012/13 Improvement Plan

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Integrated Risk Management Plan (IRMP)/ 2020 Review	3	<p>To ensure the Service is able to deliver the 2020 process, which involves a series of reviews, consultations and decisions, it is being managed as a project, which will include:</p> <ol style="list-style-type: none"> 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		January 2014
ICT Network infrastructure	4	<p>Following previous ICT internal audit reports the Service will continue to invest in its corporate infrastructure,</p> <ol style="list-style-type: none"> 1. To ensure the infrastructure is optimised for high availability; 2. To improve and embed processes and procedures for measures that prevent, mitigate and prepare for ICT emergencies; and 3. To enhance the infrastructure with scalable technologies that provide employees with better mobility and accessibility to systems, while carrying out their duties. 	Sally Edwards		Ongoing throughout 2013/14
Health and Safety Management	5	<p>Implement the action plans following the review of the Health and Safety Executive consolidation report, based on the eight inspections completed in 2009/10.</p>	Andy Perry		Ongoing Brought forward from the 2012/13 Improvement Plan

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Outcomes of Operational Assurance Assessment	6	Implement the outcomes of the 2012 Operational Assurance peer review report.	Steve Worrall		Ongoing throughout 2013/14