

# DRAFT Annual Governance Statement 2018/19





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## **DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19**

### **1. Scope of Responsibility**

Royal Berkshire Fire Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with relevant legislation and standards and that public money is both safeguarded and properly accounted for. It 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 Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions including arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE '*Delivering Good Governance in Local Government: Framework*' (2016 edition). This statement explains how the Authority has complied with the Framework and meets the requirements of Regulation 6(1) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

Local authorities are required to prepare an Annual Governance Statement in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in the Framework. This includes how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework. The Annual Governance Statement is intended as a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

The overall aim is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making; and
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

## 2. Purpose of the Governance Framework

The Governance Framework comprises the systems, processes, culture and values by which the Authority is directed and controlled. It enables the Authority to monitor the achievement of its Annual 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 and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks in relation to the achievement of the Authority's aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised.

The Governance Framework has been in place within the Authority for the year ended 31 March 2019, and up to the date of approval of the Statement of Accounts.

## 3. The Governance Framework

### 3.1 The Corporate Plan

The Corporate Plan 2015-19, sets out the contribution the Authority will make to its mission; *to enable communities in Berkshire to live safe and fulfilling lives*. It is linked to the Budget, ensuring that the aspirations in the plan are realistic in the context of

funding constraints placed upon the Authority.

Whilst the Corporate Plan spans a four-year period, it is reviewed annually. An Annual Report is published on our website taking account of matters that have arisen during the last twelve months and an Annual Plan is developed for those matters which may have an impact upon the business of the Authority in the year ahead.

Delivery of the Authority's Corporate Plan is supported by service plans and performance development reviews. These include targets and appropriate service standards against which service quality and standards can be judged. Corporate Measures that are set annually via the Annual Plan are internally monitored through the Strategic Performance Board prior to reporting via the Audit and Governance Committee. Any strategic projects are managed through the Programme Board.

### 3.2 Constitution

The Constitution of the Authority establishes the roles and responsibilities of Members of the Authority and its Committees, together with officer functions. It includes details of delegation arrangements, Members' Code of Conduct and Protocol on Member/Officer Relations. The Constitution is kept under review to ensure that it is fit for purpose. Proposed changes are overseen by the Audit and Governance Committee. The Audit and Governance Committee's views on the suitability of any changes are reported when they are presented to the full Fire Authority for approval.

The Constitution also contains procedure rules, standing orders and financial regulations that define how decisions are taken and where authority lies for decisions. The statutory roles of the Chief Fire Officer/Chief Executive, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight of these posts is supported by the post-holders' membership of the Senior Leadership Team.

The role of Monitoring Officer is fulfilled as part of a collaborative arrangement with Buckinghamshire and Milton Keynes Fire and Rescue Authority. This arrangement

has been in place since 2017/18 and has proved to be effective in ensuring suitable discharge of this responsibility.

### 3.3 Audit and Governance Committee

This Committee undertakes the scrutiny function within the Authority and provides a robust challenge to the Authority. The Committee reviews performance within the Authority, initiating reviews where it considers performance could be improved.

The Committee has responsibility for Members' conduct. With regard to Member conduct, there were no formal complaints made in 2018/19. The Committee also annually reviews the Member Development Programme.

The Local Pension Board is set up under the auspices of The Public Service Pensions Act 2013. The Board exists to assist the Fire Authority in its role as Scheme Manager to secure compliance with the various firefighter pension scheme regulations and other legislation relating to governance and administration of the scheme and secure compliance with requirements imposed by the Pensions Regulator. A six monthly report is provided to the Audit and Governance Committee.

### 3.4 Complaints and whistle blowing

A complaints procedure and whistle blowing policy are maintained and kept under review, providing the opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met. Regular updates on complaints received and their resolution is presented to the Audit and Governance Committee via the quarterly performance report.

### 3.5 Risk Management

The Authority ensures that the Service has appropriate governance arrangements in place and that risks are being effectively managed.

The overall responsibility for risk management within Royal Berkshire Fire and Rescue Service (RBFRS) lies with the Chief Fire Officer. The production and development of the Corporate Risk Register lies with the Director of Support Services.

The Service combines corporate and community risk management to ensure we deliver our core purpose in the most effective way, and whilst integrated risk management largely *determines* the Services' corporate aims, corporate risk management *supports* their achievement.

The Authority has ownership of the strategic risks of the Service and is responsible for monitoring and challenging risks and actions appearing on the Corporate Risk Register. This responsibility for risk management is delegated by the Authority to the Audit and Governance Committee.

### 3.6 Training

The training needs of Members and officers are identified through appraisal and review processes. Appropriate training is made available to ensure that individuals are able to undertake their current roles effectively and that they have the chance to develop to meet their, and the Authority's, needs.

### 3.7 Partnership Working

The legislative responsibilities and the development of innovative collaborative structures and ways of working provide challenges for governance such as ensuring transparency, and, in particular, managing risk. Whether working with other authorities, public sector bodies, the third sector or private sector providers, the Fire Authority must ensure that robust governance arrangements are established at the outset which provide for a shared view of expected outcomes supported by effective mechanisms for control and risk management thereby ensuring that the public purse is properly protected. It is vital that all joint arrangements observe all the principles of good governance and are managed and reviewed with the same rigour.

The Authority is fully committed to working in partnership and has a record of partnership working that predates the statutory duty to collaborate, as set out in the Policing and Crime Act 2017, with examples including a joint Control Room and fleet maintenance arrangements.

The three Thames Valley Fire Services, Thames Valley Police, Police and Crime Commissioner and South Central Ambulance Service have put in place governance

arrangements to manage and ensure the effectiveness of collaboration in the Thames Valley. The governance arrangements, which are set out in the [Thames Valley Emergency Services Collaboration Report](#), together with a [Thames Valley Collaboration Register](#), are publicly available on our website. Each fire and rescue service in the Thames Valley has a Director post championing collaboration with the Authority also appointing a Lead Member for Collaboration.

Until October 2015, the Authority's insurance was arranged through a consortium of nine fire and rescue authorities. These fire and rescue authorities are now members of the [Fire and Rescue Indemnity Company Ltd \(FRIC\)](#). The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The aims of the Company are twofold: to reduce risk to the Authority by driving up standards, for example, by adopting best practice in relation to driving standards and also to reduce the cost to the Authority of its risk protection arrangements over the longer-term.

### 3.8 Data Protection

The Authority has a designated a statutory Data Protection Officer (DPO) that reports through the Authority's Senior Information Risk Owner (SIRO) which is the Director of Support Services. Both the DPO and SIRO ensure legal compliance with data protection requirements.

## 4. Review of Effectiveness

4.1 The 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 senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditors' (RSM) annual report, and by the findings and reports issued by the external auditors and other review agencies and inspectorates. In compiling the Annual Governance Statement, a review of the effectiveness of the governance framework has been undertaken.



- 4.2 The Director of Support Service and/or Monitoring Officer has responsibility for:
- Overseeing the implementation and monitoring of the operation of the Code of Conduct;
  - Maintaining and updating the Code in light of latest guidance on best practice;
  - Reporting annually to the Audit and Governance Committee and the Authority on compliance with the Code, and any changes that may be necessary to maintain and ensure its effectiveness in practice.
- 4.3 The Head of Finance and Procurement has responsibility under section 112 of the Local Government Finance Act 1988 for the proper administration of the Authority's financial affairs. This includes responsibility for maintaining and reviewing financial regulations to ensure that they remain fit for purpose, submitting any additions or changes necessary to the full Fire Authority for approval. The Head of Finance and Procurement is also responsible for reporting any breaches of the Financial Regulations to the Authority. The Head of Finance is a member of the Senior Leadership Team, complying with the requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government'.
- 4.4 The Authority's Internal Audit Service is carried out by external contractors appointed under contract. The appointed Internal Auditors (RSM) are required to provide an annual independent and objective opinion to the Authority on risk management, governance and the control environment. The annual Audit Plan forms part of the Annual Plan and in 2018/19 RSM undertook the following audits:
- Risk Management and Governance
  - Key Financial Controls
  - General Data Protection Regulation (GDPR)
  - Firefighter Pension Administration
  - Capital Investment Strategy

- Facilities Management
- Follow-up Review of Payroll Provider
- Recruitment Practices
- Vehicle Disposal
- VAT & PAYE

RMS's Annual report provides the following overall audit opinion for 2018/19 as follows:

*“The organisation has an adequate and effective framework for risk management, governance and internal control”*

## 5. Significant Governance Issues in 2018/19

The Authority publishes an Annual Plan and then reports on outcomes in an Annual Report both published on our website. Projects that impact upon provision of services to the public are managed within our Programme Board and can be subject to public and other stakeholder consultation.

### 5.1 Corporate Plan and Integrated Risk Management Plan 2019-2023

The Fire and Rescue National Framework for England requires all Fire and Rescue Authorities to produce an Integrated Risk Management Plan (IRMP) that covers at least a three-year time span. In 2018, the Authority consulted on a refreshed and refined Corporate Plan and IRMP to cover the period 2019-2023. The eight-week public consultation took place between August and September 2018, and was supported by an extensive communication and engagement plan. Following consideration of the consultation findings, the Authority approved the Corporate Plan and IRMP 2019-2023 in November 2018, in preparation for the start of the 2019/20 financial year.

### 5.2 Revised Fire and Rescue National Framework for England

On 1 June 2018, a revised Fire and Rescue National Framework for England became effective. The Authority had previously responded to the consultation

on the revised National Framework and undertaken a gap analysis comparing the 2012 and 2018 versions to ensure the changes and requirements were properly understood and met. The Corporate Plan and IRMP 2019-2023 was developed to align to the revised National Framework.

### 5.3 People Strategy

A key principle of good governance in Local Government, is developing the entity's capacity, including the individual's within it. In 2018/19, a refreshed People Strategy was published for the period 2018-2021, and a key focus is on developing the capabilities of staff within the organisation in part to ensure effective governance. The People Strategy is also aligned to meet the requirements of the 'Workforce' strand of the revised Fire and Rescue National Framework. The 2018 requirements of the People Strategy were included in the 2018/19 Annual Plan.

### 5.4 Medium-Term Financial Plan

Over the past 12 months, there has been continued volatility, not only in relation to the Authority's own budgetary position, but also in the wider economy. The increasing reliance of the Authority on local funding and the continued reduction in Central Government grant, increases the Authority's exposure to significant financial shocks.

In 2018/19, positive progress was made to bridge the funding gap identified at the start of 2018/19 through a combination of additional grant income and the 2.99% flexibility on precept together with additional savings from rate revaluations and the reintroduction of cross border mobilisation charging.

Late in 2018/19, additional budgetary pressures emerged due to actual income from council tax and business rates being below what we had planned for in 2019/20. In the short-term the Authority is managing this new pressure through its use of reserves to allow additional work to be undertaken to agree how the Authority will balance its budget in 2020/21 and beyond.

## 5.5 HMICFRS

In July 2017, the remit of Her Majesty's Inspectorate for Constabulary was extended to the fire and rescue service. It was announced that Royal Berkshire Fire and Rescue Service would be inspected in Autumn/Winter 2018.

Although not an inspection of the corporate governance arrangements of the Authority, the inspection was shaped around three core themes of 'effectiveness', efficiency' and 'people', which have a direct relationship with our governance arrangements including managing risk and performance, internal controls, data, financial management and transparency and reporting. The Service completed its first inspection in February 2019, and awaits the outcome of the inspection, which is due to be published in the summer.

## 5.6 Cyber Security

In 2017/18, an advisory audit identified a number of actions, which would improve the cyber security of our core systems. This is a dynamic area of work as potential threats evolve over time. In 2018/19, a significant amount of work was undertaken in line with the national recommendations stated in the 10 steps to cyber security, known as 'Cyber Essentials Plus'. This work has not only seen improvements to the security of our ICT infrastructure, but also important improvements in staff training to help assist in the prevention risks and early detection of cyber security threats. Improving cyber security and responding to new and emerging threats will remain a core element of our ICT function.

## 5.7 General Data Protection Regulations (GDPR)

The Authority successfully prepared for GDPR, which became enforceable in UK law on in May 2018. These preparations included the creation or updating of several information management and ICT security policies, the updating of information protection training material, and the creation of action plans which

were managed directly by all Heads of Service. Each action plan contained specific tasks associated with the specific requirements driven by GDPR.

Since the introduction of GDPR we have, using the new policies and procedures, received 20 data breach notifications, 9 Subject Access Requests and 1 Data Subject Rights request. Only one breach was considered reportable to the ICO, with no adverse findings received from the ICO as a result. Most recently, the Service underwent a GDPR audit, which resulted in a positive report containing a low number of minor findings. The auditor characterised our GDPR compliance as being “ahead of other organisations that have been audited in the same manner”, and that our policy set and action plans were very robust.

## 5.8 Brexit

In 2018/19, the Authority has monitored the Brexit negotiations and the potential disruption to public safety, goods, services and finance. The Service has been proactively engaging in preparations for Brexit through the Local Resilience Forum and has been monitoring the risks associated with Brexit through the Corporate Risk Register.

# 6. Significant Governance Issues in 2019/20

## 6.1 HMICFRS

The Authority is awaiting the publication of the inspection findings in 2019/20. The Authority will review the findings of the inspection and monitor any actions that may be required to strengthen its governance arrangements.

In 2019/20, HMICFRS will be confirming its plans for future inspections of Service, which may commence as early as 2020. The inspection programme does create additional pressures in terms of capacity, which will need to be considered further as more detail emerges from HMICFRS on the frequency of the inspection programme.

## 6.2 Volatility in Funding

Volatility in funding is expected to be a significant and ongoing issue for the Authority in 2019/20. In addition to the pressures, which emerged in 2018/19, the Authority continues to monitor a number of other possible budgetary pressures which may create significant challenges in the future.

Based on the latest pay awards, our Medium Term Financial Plan now assumes future pay will increase by 2%. However, there are ongoing national discussions with the Fire Brigades Union in relation to pay. Any such pay increase beyond 2%, without significantly increased funding, would be unaffordable for the Authority.

From 2019/20, the Authority faces a very steep increase in employer contributions to the Firefighter pension schemes. For 2019/20, the Government has said it will fund the additional cost of £1.47 million. However, from 2020/21 any funding for increased pension costs will be considered as part of the new Fire Funding Formula and Local Government settlement.

There will be a new Comprehensive Spending Review along with a new Fire Funding Formula from 2020/21. The potential for increased volatility in business rates income will also be an increased risk from 2020/21 with the move to 75% local retention of business rates.

## 6.3 Strategic Asset Investment Framework

A key issue for the Fire Authority is the need for ongoing investment in its assets. In achieving the objectives set out in the Strategic Asset Investment Framework, the lack of available capital funding beyond 2019/20 will remain a significant challenge. As with revenue funding, volatility will remain an issue in relation to capital funding in 2019/20 and beyond.

## 6.4 Senior Leadership Team

At the end of 2018/19, recruitment was underway for three roles within the Senior Leadership Team, which include the Assistant Chief Fire Officer and

two Area Managers. Recruitment to these roles was prioritised as key to ensuring the effective management of the Service. All posts were successfully appointed to with the new members of the Senior Leadership Team due to take up their role early in 2019/20, which will ensure the smooth transition of roles and responsibilities.

#### 6.5 Member Development Programme

The Authority continues to be committed to the ongoing development of its Members. In 2019/20, it is likely that there will a number of new Councillors joining the Fire Authority so the investment in Member development will continue to be important in the coming months.

#### 6.6 Fire Safety

The Authority will continue to support and contribute towards 'Building a Safer Future' in our engagement and submissions with the findings of the Hackett Review and any additional recommendations that may result from the Grenfell Tower Inquiry.

#### 6.7 Brexit

The Authority will continue to monitor the implications of the Brexit negotiations through existing arrangements with the Local Resilience Forum.

#### 6.8 Income Generation

A new focus for the Authority in 2019/20 and into the future is the recent decision to focus on the more commercial use of its property and other assets, where it is in the interest of the Authority and the opportunity arises.

## 7. Conclusion

The Authority will monitor the governance issues identified in this Statement through its performance and risk management arrangements. This ensures regular review and scrutiny of the issues identified both by the Senior Leadership Team and the Authority. The Annual Governance Statement for 2019/20, will include an updated position against the governance issues identified in the 2018/19 Statement.

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Signed:

Date

Chairman of Audit and Governance Committee for Royal Berkshire Fire Authority

Signed:

Date

Chief Fire Officer and Chief Executive

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