

## **DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17**

### SUMMARY

1. The CIPFA/SOLACE good governance framework brought together a number of governance principles and requirements, including replacing the previous Statement of Internal Control with a new Annual Governance Statement (AGS) from 2007/08.
2. This paper sets out a draft AGS in respect to 2016/17. Given the content of the Statement, it is felt desirable that the Governance, Audit and Scrutiny Committee should specifically review the AGS separate from the Annual Accounts, although the AGS will form part of the Annual Accounts once approved in July 2017.
3. It is also desirable that the Authority receive this report in advance of the draft Annual Accounts at the June 2017 cycle of meetings.
4. This report was considered by the Governance, Audit and Scrutiny Committee on the 10 April 2017.

### RECOMMENDATIONS

5. The Authority is asked to approve the Annual Governance Statement for 2016/17.

### THE ANNUAL GOVERNANCE STATEMENT – A REFRESHER

6. Regulation 4 of the Accounts and Audit Regulations 2003 required the Humberside Fire Authority to conduct an annual review of the effectiveness of its system of internal control and publish a Statement of Internal Control (SIC) up until 2006/07.
7. From 1 April 2007 the SIC was replaced by the AGS. Guidance was issued by the CIPFA Finance Advisory Network in respect to the production of the AGS. In addition, guidance has also been set out in the CIPFA/SOLACE good governance framework last revised in 2016.
8. The six key principles of good governance as laid down in the 2007 framework have been reviewed within the 2016 framework and re-issued as seven key principles:
  - (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - (ii) Ensuring openness and comprehensive stakeholder engagement.
  - (iii) Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  - (iv) Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - (v) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

- (vi) Managing risks and performance through robust internal control and strong public financial management.
  - (vii) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.
9. In essence the AGS is the formal Statement (signed by the Chairperson of the Humberside Fire Authority, the Chief Fire Officer and Chief Executive and the Statutory Officers) that recognises, records and publishes the governance arrangements of the Humberside Fire Authority in line with that new framework. The AGS is much broader than the SIC, although the overall assurance process remains. The AGS must reflect the governance framework.
  10. The assurances in respect to the AGS derive from the following:-
    - Internal Audit
    - S.151 Officer
    - Secretary/Monitoring Officer
    - Corporate Management
    - Members
    - External Audit – through assessment
    - Third parties, including partnership arrangements
  11. There is no model AGS, but rather the Guidance sets out best practice in developing an AGS.
  12. The production of the AGS dovetails strongly with corporate risk management and the Annual Audit Report from Internal Audit.
  13. Attached at Appendix 1 is the draft AGS. This is in draft form at present and will be concluded in readiness for the approval of the Annual Accounts in July 2017.

#### STRATEGIC PLAN COMPATIBILITY

14. This report links with governance, which is an enabler of the current Strategic Plan.

#### FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

15. None arising directly.

#### LEGAL IMPLICATIONS

16. This report and attachments ensures that the Fire Authority complies with regulation 4(2) of the Accounts and Audit Regulations 2003 as amended 2006 and 2011.

#### EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

17. None arising directly.

#### CORPORATE RISK MANAGEMENT IMPLICATIONS

18. There are no direct corporate risk management implications arising from this report. The report forms part of the governance arrangements of the Authority.

#### HEALTH AND SAFETY IMPLICATIONS

19. None arising directly.

#### COMMUNICATION ACTIONS ARISING

20. None arising directly.

## DETAILS OF CONSULTATION

21. Consultation in producing the AGS has taken place with CMT, the Chair of the GAS Committee and Internal Auditors.

## BACKGROUND PAPERS AVAILABLE FOR ACCESS

22. CIPFA/SOLACE – Delivering Good Governance in Local Government – Framework and Guidance Note for English Authorities (2016).

## RECOMMENDATIONS RESTATED

19. The Authority is asked to approve the Annual Governance Statement for 2016/17.

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SR  
11 April 2017



Humberside Fire Authority**ANNUAL GOVERNANCE STATEMENT 2016/17****Scope of Responsibility**

1. The Humberside Fire Authority (HFA) 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, and used economically, efficiently and effectively. The HFA 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.
2. In discharging this overall responsibility, the HFA 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.
3. The HFA has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) Delivering Good Governance in Local Government Framework 2016 Edition. A copy of the code can be obtained from the Secretary to the Fire Authority.
4. This statement explains how the HFA has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

**The purpose of the governance framework**

5. The governance framework comprises the systems and processes, culture and values, by which the HFA is directed and controlled. The framework demonstrates how the HFA accounts to, engages with and leads within the community. It enables the HFA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
6. The system of internal control is a significant part of the governance 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.
7. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the HFA'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.
8. The governance framework has been in place at the HFA for the year ended 31 March 2017 and up to the date of approval of the Annual Performance Report and Statement of Accounts.

**The Governance Framework 2016/17**

9. The key elements of the HFA's governance framework included:
  - a) The Constitution of the Authority which includes:
    - Committee Membership and Terms of Reference;
    - Scheme of Delegation to Officers;

- Financial Procedure Rules;
  - Contract Procedure Rules;
  - Members' Code of Conduct;
  - Officers' Code of Conduct;
  - Protocol for Member and Officer Relationships;
  - Code of Corporate Governance.
- b) The Governance, Audit and Scrutiny Committee, as well as the HFA itself, received regular reports on the Service's performance arrangements.
  - c) An approved Corporate Risk/Opportunity Policy.
  - d) An approved 'Local Code of Corporate Governance' in accordance with the CIPFA/SOLACE Framework for Corporate Governance.
  - e) The designation of the Chief Fire Officer as Chief Executive responsible to the HFA for all aspects of operational management.
  - f) The designation of the Executive Director Service Support as S.151 Officer (Local Government Act 1972) in accordance with Section 112 of the Local Government Finance Act 1988 and conforming with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010).
  - g) The designation of the Secretary as Monitoring Officer with the requirement to report to the full HFA if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration.
  - h) The Corporate Management Team (CMT) and Tactical Management Team (TMT) have considered a strategic overview of the HFA control environment including the response to external audit, performance management, strategic planning and scrutiny of Risk and Opportunity Management.
  - i) The production of quarterly Management Accounts which are distributed to all Members of the Corporate Management Team and are considered at the Governance, Audit and Scrutiny Committee meetings and the HFA.
  - j) The Service and Finance Planning process.
  - k) In accordance with the Service Business Planning Framework the Strategic Plan and Integrated Risk Management Plan (IRMP) for 2017/20 ensure a three year plan, linked to financial planning.
  - l) The Strategic Plan 2017/20 includes strategic objectives; the service financial outlook; the service's performance, risk and project management and Directorate responsibilities.
  - m) The IRMP 2017/20 takes account of the requirements of the 2012 Fire and Rescue National Framework for England, providing a detailed assessment of the risks facing our communities and personnel and the measures taken to mitigate those risks.
  - n) Reviewed Anti-Fraud and Corruption, Anti-Bribery and Anti-Money Laundering Policies. We publish these and other such Policies and associated data on the HFRS Website under Data Transparency, please follow this [Link](#).
  - o) Subscription to the services of whistleblowing charity Public Concern at Work.

- p) A 'Strategic Demand Group' has been established. Membership includes HFRS, Humberside Police, our four Local Authorities and our four Clinical Commissioning Groups. Partners are represented at Chief Executive level or similar to consider issues relating to demand and resourcing across the Humber Area. The group have commissioned research and development work around vulnerability and mental health, intelligence sharing agreements and data sharing protocols to better enable collaborative working.
- q) A Fire and Police Transformation Board has been established to develop a number of collaborative workstreams, including:
- Exploration of a shared Fire/Police Community Safety Unit;
  - Shared approach to digital transformation and cross sector data sharing processes and functionality;
  - Consideration of opportunities to share Estates and co-locate teams to improve delivery.
- r) A Service wide workforce survey was undertaken during 2016, an Action Plan has been developed in response to the outcome analysis. HFRS are committed to repeating the survey on a two-yearly cycle.
- s) Member and Officer Development Programmes. During 2016/17 Officers undertook a facilitated development programme which included a Cross Sector Leadership programme, Risk Management Workshops led by Internal Audit for CMT/TMT, Equality and Diversity awareness training. Member development during 2016/17 included Equality and Inclusion, Collaboration Awareness and HFA Governance.
- t) Planned Member Days.
- u) An approved Treasury Management Policy and Prudential Indicators.
- v) An approved HFA Performance and Risk Framework supported by the Performance and Risk Framework Policy and incorporating, amongst others, the following guidance notes:
- Performance Measurement;
  - Corporate Reporting of Performance;
  - Project and Programme Management;
  - Organisational Risk and Opportunity Management.
- w) A Protective Security Strategy (based upon the HMG Security Framework).
- x) Maintenance of the ISO 14001 Environmental Management Standard.
- y) An Equality and Inclusion Group (EIG), including a HFA nominated Member, has been established. Progress has been made in a number of key areas, including compliance with the Public Sector Equality Duty and the development and adoption of Positive Action in relation to Full Time Firefighter Recruitment and Selection campaigns.
- z) Completion of the annual Operational Self-Assessment, measured against the LGA Toolkit. Verification of our self-assessment via Peer Audit will be arranged subject to clarification of the role of Peer Audit within the pending HMI environment.
- aa) Retention of the Customer Service Excellence Award, conducted in February each year.
- bb) Annual Performance and Quarterly Performance Reports.

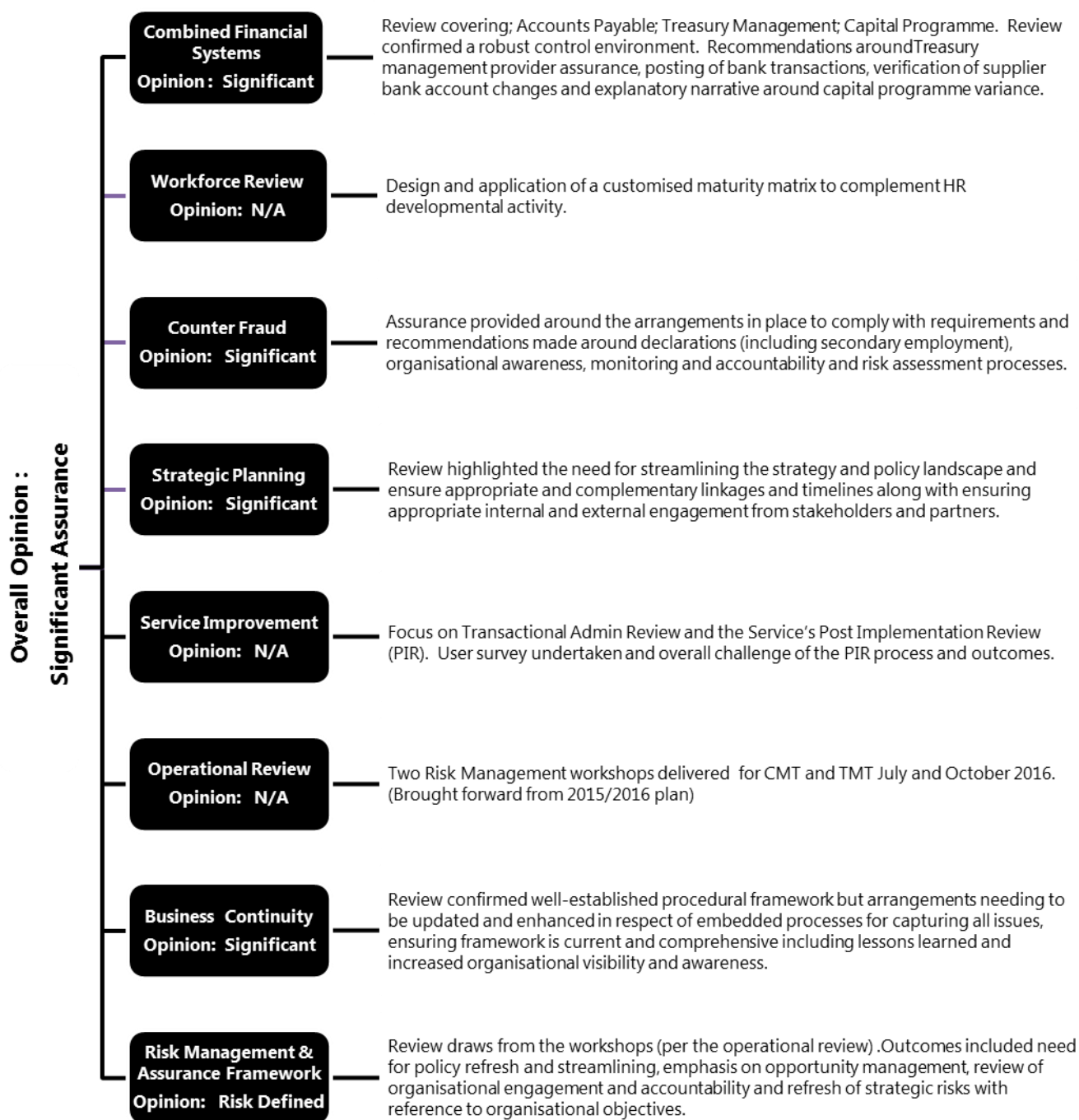
- cc) A Pension Board, as required under The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, was formed in 2015 to oversee compliance in the operation of the Firefighters' Pension Scheme (FPS). The Pension Board met twice during 2016/17.
- dd) The Deputy Chief Fire Officer chairs a Joint Consultative Committee attended by all Representative Bodies to discuss any matters relating to staff terms and conditions.

### **Review of Effectiveness**

10. The HFA 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 responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
11. HFA reviews the effectiveness of the Governance, Audit and Scrutiny Committee and receives an Annual Report at the HFA Annual General Meeting.
12. The Governance, Audit and Scrutiny Committee received reports throughout 2016/17 from our Internal Auditors in respect to the internal control environment. The annual Internal Audit Plan is informed by the Strategic Risk Register.
13. The Governance, Audit and Scrutiny Committee provided two scrutiny reports during 2016/17, including HFA Members' Allowances and the post project implementation of our Emergency Services Fleet Management (Humberside) Limited arrangement.
14. The induction and training of new Members during 2016/17 has further enabled Members to discharge the functions of the HFA.
15. From the AGM in June 2016 to the end of the 2016/17 cycle, the HFA and Committees met as follows:
  - HFA 10 occasions
  - Governance Audit and Scrutiny Committee 7 occasions
  - Pension Board 2 occasions
16. Members of the Governance, Audit and Scrutiny Committee received Management Accounts for review.
17. Members of the Pension Board report against a number of key workstreams designed to ensure that the Board operates in compliance with the Pension Regulator's Code of Practice for Pension Boards, this encompasses three broad areas Governance, Administration and Communication.
18. The review of the effectiveness of the system of internal control is informed by:
  - The work of Senior Officers
  - The work of Internal Audit
  - The work of the GAS Committee
  - The Corporate Risk and Opportunity Management Strategy
  - Performance information
  - The Audit Commission in their Annual Governance Report, Annual Audit Letter and other reports.



19. Internal Audit has undertaken a number of reviews during 2016/17, including:



20. The Internal Audit Annual Report 2016/17 identifies that the Service has an adequate, effective and reliable framework of internal control. This is evidenced by the overall assurance rating of 'Significant'.

21. The effectiveness of the governance framework is considered throughout the year by the Corporate Management Team, the Governance, Audit and Scrutiny Committee and the Fire Authority. Much of this is discharged through internal reports such as the quarterly Management Accounts and the quarterly Performance Reports as well as

the work of Internal and External Audit. Any significant issues are captured via the risk management system and considered by the Fire Authority where appropriate.

22. A comprehensive Assurance Map for the Service has been developed to help inform the work of CMT, the Governance, Audit and Scrutiny Committee and Internal Audit.
23. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Management Team and the Governance, Audit and Scrutiny Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

### **Significant Governance Issues 2016/17**

24. A permanent Director of Human Resources was appointed to the Corporate Management Team early in October 2016. This decision resulted from a successful HR management structure trial conducted during 2015/16. The Fire Authority approved a revised HR Structure in February 2017.
25. The authority will opt into the Public Sector Audit Appointments (PSAA) process for the appointment of External Auditors after current arrangements end on 31 March 2018.
26. Review work continued through the Authority's Operational Efficiency Programme (OEP) and Service Redesign Programme (SRP).
  - The OEP identifies opportunities to deliver fire station based emergency response more efficiently and/or effectively, whilst maintaining HFA approved fire engine response standards. Of particular note is a partnership approach with Hull CCG to incorporate the East Hull Fire Station into a purpose built Integrated Care Centre, expected to open during 2018.
  - Review work continued throughout 2016/17 through the Authority's Service Redesign Programme to identify efficiency and effectiveness improvement options in areas of the Service not included in the OEP. Our reviews of Public Safety and Estates Management in particular resulted in significant changes to delivery models. Public Safety will introduce a flexible staffing model, which will enable local commissioning of services from other partners, where appropriate. Our Estates function will be delivered in collaboration with Humberside Police. This will deliver a more effective and efficient service for users and will act as an enabler towards developing shared estate options.

All SRP review activity will draw to a close at the end of March 2017, ongoing implementation of approved changes will be managed by the Directors of each affected function.

27. In February 2016 HMG published the Policing and Crime Bill to improve the efficiency and effectiveness of police forces. The Bill received Royal Assent in January 2017 and the Act now places a statutory duty upon Fire and Rescue, Police and Ambulance services to collaborate. The Act also enables Police and Crime Commissioners (PCC) to take responsibility for fire and rescue services, where a Business Case is formed and there is local public support. We continue to proactively identify collaborative opportunities with the Police and Ambulance services, and other bodies. This has included:
  - A joint Emergency Service Fleet Management workshop with the Police;
  - Provision of a medical First Responder scheme in partnership with Yorkshire Ambulance (YAS), East Midlands Ambulance Service (EMAS) and with Lincolnshire Integrated Voluntary Emergency Service (LIVES) in the voluntary sector;

- A Falls Response Team with YAS, City Health Care Partnership (CHCP), NHS Hull Clinical Commissioning Group (CCG) and Hull City Council;
- An agreement with Yorkshire Ambulance Service (YAS) for them to provide Service wide Clinical Governance;
- Memorandums of Understanding with Humberside Police to support response activities including:
  - Searching for Missing Persons
  - Fire Investigation
  - Forced Entry for Medical Rescues;
- A Data Sharing Project team in partnership with Humberside Police that is exploring possible opportunities for shared data and intelligence;
- An Integrated Health Centre incorporating a full time fire station, in partnership with Hull CCG;
- A Fire and Police Transformation Board has been established to lead a number of collaborative workstreams;
- A Strategic Demand Group has been established between HFRS, Humberside Police, our four Local Authorities and our four CCGs, to consider issues relating to demand and resourcing across the Humber Area;
- Options are under consideration to enable the Humberside PCC to become a full Member of HFA during 2017.

Details of all collaboration and partnership initiatives are available on the HFRS Website at <http://www.humbersidefire.gov.uk/about-us/what-we-do/collaboration>.

### Action Plan

28. The action points outlined below are included within our Strategic Risk and Opportunity Register and Action Plan, progress will be monitored throughout 2017/18.
- Incorporation of the Humberside PCC onto the HFA, including any arising changes to governance arrangements;
  - Arrangements for our future External Audit environment via the PSAA, which will be in place from April 2018 and reviewed during 2017/2018.

### Conclusions

29. This Annual Governance Statement for 2016/17 provides Members with a high level of assurance on the Authority's governance arrangements.

Signed

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**Chair of the Authority**

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**Chief Fire Officer & Chief Executive**

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**S.151 Officer**

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**Secretary & Monitoring Officer**

