

# LEICESTER, LEICESTERSHIRE AND RUTLAND COMBINED FIRE AUTHORITY DRAFT ANNUAL GOVERNANCE STATEMENT 2016- 17

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## 1. Introduction

The Combined Fire Authority (CFA) is committed to good corporate governance and complies with the CIPFA/SOLACE “Delivering Good Governance Framework” (2016). The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people

This statement is produced in fulfilment of the requirements under the Accounts and Audit Regulations, 2015, to prepare an annual governance statement.

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## 2. The Arrangements

The CFA works within the governance framework summarised in Appendix 1, and has an approved Local Code of Corporate Governance. The following details how the CFA meets the requirements of the Framework through the core principles, systems, policies and procedures it has in place.

### **We have the following codes and rules:**

- Finance and Contract Procedure Rules
- Code of Conduct for Members
- Code of Conduct for Employees
- Anti-fraud, Bribery and Corruption Policy
- Whistleblowing Policy

**Our six key corporate strategies support our six corporate aims and set out our approach to our priorities. They also inform the corporate plan (Towards 2020) and Integrated Risk Management Plan (IRMP) and vice-versa. These are:**

- Operational Response Strategy
- Community Safety Strategy
- Budget Strategy
- People Strategy
- Governance and Managing Risk Strategy

- Working Together Strategy

**We monitor:**

- Delivery of the strategic plan
- Performance indicators
- Delivery of the budget

**We are transparent in our decision making through:**

- Open CFA & committee meetings with published agenda, meeting papers and minutes
- Published Senior Management Team decisions
- Scrutiny of our project development programme through committees
- Stakeholder engagement on our budget; IRMP; key projects and partnership working
- Publication of Freedom of Information Act responses and transparency data

**We are supported by:**

- Leicester City Council who provide the position of Treasurer to make arrangements for the proper administration of the CFA's financial affairs
- Leicestershire County Council who provide the position of Monitoring Officer to maintain the constitution, ensure lawfulness and fairness in decision-making and provide member services
- A staff intranet, which provides guidance and policy documentation
- Group Manager Team, Project Boards and Project Teams led by middle and supervisory managers to implement effective delivery of service priorities
- Partnership working on key priorities
- An Information and Communications Team to support our data policies

**We review processes and delivery throughout the year supported by:**

- Internal Audit
- External Audit
- Corporate Governance Committee
- Annual Report and Statement of Assurance

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### **3. Significant Governance Issues**

The CFA's review of processes enables the identification of any areas of the CFA's activities where there are significant weaknesses in financial controls,

governance arrangements or the management of risk. Overall from this year's work, the Head of the Internal Audit Service (HoIAS) has evaluated that reasonable assurance can be given on the overall adequacy and effectiveness of the CFA control environment 2016/17.

Areas of significant risk or priorities for action have been identified and are listed below, along with an update of the issues identified last year.

### Follow Up of Issues Identified in 2015/16

Last year the following areas were identified as significant governance issues. The table below sets out the action that has been taken to address these issues in the current year:

Issue Identified	Action taken to date:
<b>Budget Strategy</b> – Pressure on public spending.	Home Office have approved our Efficiency Plan and provided a four year financial settlement. Continuous and early achievement of savings has enabled a balanced budget to 2019/20.
<b>Organisational Risk</b> – Development of risk management processes to ensure risk management principles are embedded.	Key Performance Indicators on insurance claims data are published and reported and a risk management plan developed. Risk registers presented bi-monthly to Senior Management Team.
<b>Collaborative arrangements</b> – Give regard to new legislation that provides a 'Duty to Collaborate' with the Office of the Police and Crime Commissioner. A need to improve data sharing arrangements and have formal partnership agreements.	All projects and activities give regard to collaboration opportunities. Collaborative arrangements identified and reported to the CFA. Partnership agreements in place for a number of collaborative arrangements.
<b>Representative Bodies</b> – To improve working relations	Representative Bodies have been invited and attended senior management team meetings whilst staff consultation forum meetings have continued.
<b>Brigade Management's compliance with appropriate conditions of service, policies and procedures.</b>	Two high Importance recommendations were made and management action undertaken. A detailed follow up audit will be conducted to ensure the high importance recommendations have been fully implemented.

### Issues Identified in 2016/17

The areas of significant risk or priorities for action that have been identified are listed below:

Issue Identified	Planned Action:
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<p><b>Budget Strategy</b> - the CFA's financial viability is a key concern at a time of deep funding cuts, particularly in the period after 2019/20.</p>	<p>The strategy is updated annually, and delivery of savings continually monitored. Investment of any funding held in reserves targeted to reduce long-term ongoing expenditure.</p>
<p><b>Fire Service Reform</b> – Fire Service to be subject to separate Inspectorate regime. Working standards are being established by a Professional Standards Body.</p>	<p>Await notification of appointed inspectorate body and full guidance on the actual standards to be applied. Need to review standards and identify gaps and resources needed to implement any service changes.</p>
<p><b>Collaborative Arrangements</b> – Prevention strategy to be reviewed following pilot projects.</p>	<p>To continue and establish new effective governance arrangements with any current and future collaborative project(s).</p>
<p><b>Constitution</b> – to update for best practice and ensure a consistent approach.</p>	<p>Strategic review by the Chief Fire and Rescue Officer, the Treasurer and the Monitoring Officer for presentation to the CFA.</p>
<p><b>Review of management arrangements</b> – weaknesses identified in the finance function and the delivery of procurement and contract management.</p>	<p>To increase the amount of accountancy skills within finance, re-structure of the team and re-profile existing work processes to improve efficiency.</p> <p>To update the procurement strategy and associated policies and procedures. To strengthen contracts and contract management arrangements. Managers responsible for procurement to receive further training. To have access to a procurement specialist through collaboration with a suitable partner.</p>
<p><b>Data Protection</b> – Legislative changes in General Data Protection Regulations for implementation from May 2018.</p>	<p>Data protection Officer to review current adherence and identify gaps. Action plan to be created to address areas of concern.</p>

#### 4. Conclusion

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

..... (Chair) ..... (Date)

..... (Chief Fire and  
Rescue Officer) ..... (Date)

..... (Treasurer) ..... (Date)

## **Appendix 1**

### **KEY ELEMENTS OF THE CFA'S GOVERNANCE FRAMEWORK**

Key elements of the governance framework at the Combined Fire Authority are summarised below:

#### **Combined Fire Authority**

- Provide leadership, develop and set policy

#### **Decision making**

- Decisions are recorded on the CFA's website

#### **Risk management**

- Risk registers identify both operational and strategic risks
- Key risks are considered by Senior Management Team

## Scrutiny and review

- Corporate Governance Committee has oversight of the financial reporting process and ensures that an adequate risk management framework and control environment is in place.
- Employment Committee will make recommendations to the CFA on key appointments of senior officers and will hear grievances and disciplinary proceedings against these officers.
- Approve the Internal Audit Annual report and opinion
- Pension Board ensures the effective governance and administration of Pension Schemes and compliance with any requirements imposed by the Pensions Regulator.

## Senior Management Team

- Provide service level management and interface with the political leadership
- Head of Paid Service is the Chief Fire and Rescue Officer, who is responsible for leading an effective senior management team (SMT)
- The Treasurer is the s.151 Officer at Leicester City Council and is responsible for safeguarding the CFA's financial position and ensuring value for money
- Monitoring Officer is the Leicestershire County Council Director Law and Governance who is responsible for ensuring legality and promoting high standards of public conduct
- SMT includes all operational directors and service area managers