

CFA Annual Governance Statement 2023/24

the Annual Governance Statement.

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.

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. Appendix 2 demonstrates how this has been assessed to inform

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
- Organisational Risk Management

Our purpose is Safer People, Safer Places in both our communities and our workplaces. Our five key corporate strategies identified in our corporate plan and Integrated Risk Management Plan (IRMP) (Our Plan 2024-28) sets out how we will achieve this in each priority area. The strategies are:

- Safer Communities
- Response
- Finance and Resources
- People
- Governance

We monitor:

- Delivery of Our Plan
- Performance indicators
- Delivery of the budget
- Organisational Risk Register

We are transparent in our decision making through:

- Open CFA & committee meetings with published agenda, meeting papers and minutes
- Published Senior Leadership 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

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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, supporting members and development
- A staff intranet, which provides guidance and policy documentation
- Senior Leadership Team, Tactical Management Team, Project Boards and Project Teams led by senior, middle and supervisory managers to implement effective delivery of service priorities
- Support provided by specialist teams e.g Finance, IT, HR, Estates etc

We review processes and delivery throughout the year supported by:

- Internal Audit
- External Audit
- Corporate Governance Committee
- Revenue and Capital Monitoring Reports

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, it can be concluded that controls are operationally effective and that the authority's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government'. This has been supported by the internal audit opinion which stated:

"The HoIAS gives reasonable assurance that overall the control environment remained adequate and effective. Whilst there were isolated high risk rated weaknesses identified in some areas, controls to mitigate key risks are generally operating effectively. The HoIAS was on the whole satisfied with management's response to resolving identified issues and welcomed the Committee's support and engagement over them. However, the arrangements to enable the Corporate Governance Committee to effectively monitor the progression and implementation of Internal Audit Service high importance recommendations require improvement.

This is because of lengthy delays to implementing some previously agreed high importance recommendations. It is proposed that on receipt of

the Internal Audit update reports, the Chair should discuss and agree with the HoIAS (and where necessary the Treasurer or Monitoring Officer) whether relevant officers should be requested to attend the Committee meeting to provide an update and reasons for any delays that may have arisen."

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. We cannot eliminate all risk of failure to achieve policies, aims and objectives, however the above controls provide reasonable but not absolute assurance of effectiveness.

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

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Follow Up of Issues Identified in 2022/23

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:
<p>Budget Strategy - There are no government spending plans beyond 2023/24.</p>	<p>The CFA has a balanced budget for 2024/25. The CFA approved an increase in the Band D Council tax for 2024/25 to £81.65, an increase of just below 3%, which is in line with the Central Government referendum principles.</p>
<p>Economic instability and rising inflation – A weak national economy and high inflation pushes up costs, and limits the supply of goods, supplies and services.</p> <p>Significantly increased costs for services and for capital schemes can result in over-spends, budget pressures and inability to meet demand.</p> <p>Lack of availability of key supplies, goods and services and relevant skills and expertise can cause delays and risk ability to deliver services and capital schemes</p>	<p>An inflation provision was created as part of the 2024/25 budget setting process in order to mitigate any increases in the costs of providing services. This includes an assumption of a 4% Pay award and a sum of £0.5m for known and expected price inflation.</p>

CFA Annual Governance Statement 2023/24 (continued)

Issues Identified in 2022/23 (continued)

Issue Identified	Action taken to date:
<p>Firefighters pensions remedy – All fire & rescue authorities could potentially see significant one-off cost pressures relating to the two firefighter pension schemes remedies that will allow firefighters to buy back pensions over a number of years.</p> <p>The two pensions remedies are:</p> <ul style="list-style-type: none">McCloud/ SargeantMatthews/ O'Brien <p>There is uncertainty around how much funding will be provided by central government to cover additional costs in relation to employer pension contributions, tax, interest and legal action.</p>	<p>Through the Local Pension Board, the CFA continued to monitor developments with the Firefighters pensions remedies, following the enactment of new legislation and regulations from October 2023. Whilst the Government has provided significant assurances about funding, some areas of uncertainty remain. The CFA received grant towards the costs of additional staffing resources. A regional pensions group including Leicestershire, Derbyshire & Nottinghamshire fire & rescue services met frequently to discuss developments and required actions. The Local Government Association delivered regular updates.</p>

CFA Annual Governance Statement 2023/24 (continued)

Issues Identified in 2023/24

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

Issue Identified	Planned Action:
<p>Budget Strategy - There are no government spending plans beyond 2024/25.</p>	<p>The CFA will continue to monitor its finances and the wider public spending environment closely during 2024/25.</p>
<p>Cost and supply pressures – Whilst inflation is returning to lower levels, ongoing cost pressures, future pay awards and lack of availability of key supplies and expertise remain a risk.</p>	<p>The CFA will continue to monitor capital budgets and ensure during inception of projects that provision for inflation is built into funding allocations. An inflation provision is built into the 2024/25 revenue budget.</p>
<p>Firefighters pensions remedy – All fire & rescue authorities could potentially see significant one-off cost pressures relating to the two firefighter pension schemes remedies that will allow firefighters to buy back pensions over a number of years.</p> <p>The two pensions remedies are:</p> <p style="padding-left: 40px;">McCloud/ Sargeant</p> <p style="padding-left: 40px;">Matthews/ O’Brien</p> <p>There is uncertainty around how much funding will be provided by central government to cover additional costs in relation to employer pension contributions, tax, interest and legal action.</p>	<p>Through the Local Pension Board, the CFA will continue to monitor developments with the Firefighters pensions remedies, following the enactment of new legislation and regulations from October 2023. Whilst the Government has provided significant assurances about funding, some areas of uncertainty remain. The CFA received grant towards the costs of the additional staffing resources, which will be required into 2025 and potentially beyond. A regional pensions group including Leicestershire, Derbyshire & Nottinghamshire fire & rescue services meets frequently to discuss developments and required actions, supported by a regional adviser employed by Derbyshire. The Local Government Association hosts online update meetings on a fortnightly basis, together with a monthly bulletin.</p>

CFA Annual Governance Statement 2023/24 (continued)

Issues Identified in 2022/23 (continued)

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

Issue Identified	Planned Action:
<p>New Procurement Act 2023 - The Government are introducing a new Procurement Act 2023 with a go-live date of 28 October 2024.</p> <p>Key drivers of the Act are to realise better value for money, identify cost savings and monitor signs of waste and inefficiency. Procurement spend will also be more transparent to the public with how much is being spent, with whom and how.</p> <p>The Act brings both challenges and opportunities for the public sector/CFA.</p>	<p>An officer working group has been established to oversee the transition to the new Act and recognise that the short implementation timetable and inevitable change will be a challenge.</p> <p>Whilst the Act reduces administrative burdens on suppliers and the type of regulations, it also emphasises the importance of robust scrutiny and monitoring to ensure that procurement activities are conducted ethically, transparently and compliantly.</p> <p>During the transition stage it is an opportunity for the officer working group to review procurement policies and procedures.</p>
<p>CFA Treasurer – the CFA have received notification that the Director of Finance will be stepping back from the Treasurer role and took the decision to recruit a S112 internally. This requires a smooth transition to the new role to ensure good financial governance, particularly in areas of treasury management, budget strategy and monitoring</p>	<p>A qualified interim S112 Officer, with expertise, to oversee the finance function. She will work with Leicester City Council for the handover and will become S112 at the end of September. Appropriate resources are currently being identified to support the transition back to CFA. For example the use of external advisors in the short-term for treasury advice.</p>

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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.

..... (Chair)
12/08/24

..... (Chief Fire and
12/08/24 Rescue Officer)

..... (Treasurer)
12/08/24

CFA Annual Governance Statement 2023/24 (continued)

The Combined Fire Authority had the following governance arrangements in place during 2023/24.

Appendix 1

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 the Senior Leadership Team

Scrutiny and review

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

Senior Leadership 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 leadership team (SLT)
- 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
- SLT includes all operational directors and service area managers.

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Governance Arrangements to inform the Annual Governance Statement

