

GOVERNANCE COMMITTEE: 27 MAY 2022

SUBJECT: ANNUAL GOVERNANCE STATEMENT 2021/2022

JOINT REPORT OF THE CHIEF FIRE OFFICER/CHIEF EXECUTIVE (THE CLERK TO THE AUTHORITY) AND THE FINANCE DIRECTOR

1 INTRODUCTION

- 1.1 Tyne and Wear Fire and Rescue Authority (the Authority) is required to include an Annual Governance Statement within its Annual Statement of Accounts. The Annual Governance Statement contains details of the most recent review of governance arrangements and sets out areas for improvement during the course of the following year.
- 1.2 The Authority must approve the Annual Governance Statement each year prior to adopting the Statement of Accounts. Once approved by the Authority, the Chair of the Authority, Chief Fire Officer and Finance Director are requested to sign the Annual Governance Statement.

2 BACKGROUND

- 2.1 The Authority conducts an annual review of its governance arrangements to ensure they remain effective and up to date. The purpose of this report and accompanying appendices is to present Members with the draft Annual Governance Statement and updated Code of Corporate Governance following the 2021/22 annual review.
- 2.2 The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. 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.
- 2.3 In addition, the Accounts and Audit (England) Regulations 2015 stipulate that the Authority must, each financial year:
- conduct a review of the effectiveness of the system of internal control
 - prepare an annual governance statement
- 2.4 By undertaking a review of internal control systems, the Authority is able to critique the effectiveness of its governance arrangements to ensure appropriate mechanisms are in place to safeguard financial, operational and risk management. The Authority is responsible for putting in place a sound system of control, which includes the arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

- 2.5 A key component of the Authority's governance framework is its Code of Corporate Governance, which was developed in accordance with the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives (CIPFA / SOLACE) 2016 *Delivering Good Governance in Local Government Framework*. This framework assists the Authority in developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way by demonstrating compliance with the principles:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - B. Ensuring openness and comprehensive stakeholder engagement.
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - D. Determining the interventions necessary to optimise the achievement of intended outcomes.
 - E. Developing the Authority's capacity, including the capability of its leadership and the individuals within it.
 - F. Managing risks and performance through robust internal control and strong public financial management.
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3 ANNUAL GOVERNANCE REVIEW METHODOLOGY

- 3.1 The Authority's governance framework comprises of systems, processes, culture and values by which it is directed and controlled. This framework enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 3.2 The effectiveness of the Authority's governance arrangements are monitored and evaluated throughout the year, with activity undertaken including:
- Scrutiny and challenge by the Authority and its committees, which are responsible for monitoring and reviewing the Authority's governance arrangements.
 - Strategic direction and oversight by the Executive Leadership Team who are responsible for governance and internal control arrangements and meet monthly to steer the activities of the fire service and provide regular finance, risk and performance reports to the Authority and its committees.
 - Quarterly meetings of the Corporate Governance Board to identify, discuss and instruct action on emerging governance issues.
 - Evidence obtained from other sources:
 - Annual Member questionnaires, which provide a self-assessment of compliance with the Code of Corporate Governance / CIPFA/SOLACE principles of good governance.
 - Annual Department Head self-assessments, which reviews compliance with the Code of Corporate Governance / CIPFA/SOLACE principles of good governance. The self-assessments were reviewed and authorised by the respective Area Manager / Director and Principal Officer.
 - Consideration of risks identified in the corporate risk register.
 - The Head of Internal Audit's opinion on the internal control environment (the Annual Audit Plan and Report).

- The External Auditors review of the effectiveness of governance arrangements (Annual Audit Letter).
- CIPFA Financial Management Code: assessment of compliance.
- Review and assurance from Inspectorates and other external bodies.

4 ANNUAL GOVERNANCE REVIEW OUTCOME

- 4.1 The review of the effectiveness of the governance framework shows that the arrangements continue to be fit for purpose and assurance can be given that the framework is operating effectively in practice but this is subject to the implementation of the outstanding and new improvement actions.
- 4.2 Five actions from the Annual Governance Statement 2020/21 remain outstanding and have been carried forward for completion during 2022/23 and are detailed in Appendix A.
- 4.3 Four new improvement actions were identified during the annual governance review 2021/22, for action during 2022/23 are outlined in Appendix B.
- 4.4 The Authority's Code of Corporate Governance has been reviewed and updated to better align with the good governance principles, and has incorporated ethical standards - the Seven Principles of Public Life and the National Fire Chief's Council Core Code of Ethics. The updated Code can be viewed in Appendix C.

5 CONCLUSION

- 5.1 The Statement of Assurance is intended to provide good assurance that there is an ongoing process for reviewing the Authority's governance framework and its operation in practice.
- 5.2 Based on the evidence examined the governance framework has continued to be in place for the year ending 31 March 2022 and up to the date of approval of the 2021/22 Statement of Accounts.
- 5.3 The review has not identified any weaknesses that would need to be highlighted in the Annual Governance Statement 2021/22 and subject to the implementation of improvements identified for action during 2022/23, the Authority's governance and internal control systems are considered to be effective.
- 5.4 The Authority will continue to be proactive in its approach to monitoring the effectiveness of its governance arrangements by carrying out a comprehensive review each year.

6 RISK MANAGEMENT

- 6.1 The work provides an assessment of the Authority's systems of internal control and risks identified are included within the corporate risk register.

7 FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications in respect of this report.

8 EQUALITY AND FAIRNESS IMPLICATIONS

8.1 There are no equality and fairness implications in respect of this report.

9 HEALTH AND SAFETY IMPLICATIONS

9.1 There are no health and safety implications in respect of this report.

10 RECOMMENDATIONS

10.1 The Governance Committee is requested to:

- Note and comment on the draft Annual Governance Statement for 2021/22
- Note the content of the Corporate Governance Action Plan 2022/23 which includes the new and outstanding actions.
- Note the revised Code of Corporate Governance