

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

ANNUAL GOVERNANCE STATEMENT 2021/22



1 Scope of responsibility

- 1.1 Tyne and Wear Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority 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.
- 1.2 In discharging these responsibilities, the Authority must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 A key component of the Authority's governance framework is its local Code of Corporate Governance, which is reviewed annually and 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.
- 1.4 This statement sets out how the Authority has complied with the Accounts and Audit (England) Regulations 2015, regulation 6(1) (a) and (b); which requires the Authority to prepare and publish an Annual Governance Statement.

2 The purpose of the governance framework

- 2.1 The Authority's governance framework comprises of systems, processes, culture and values by which it is directed and controlled and its activities through which it is accountable to, engages with and leads the community. 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.
- 2.2 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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 This statement describes the key elements of the Authority's governance framework, which brings together legislative requirements, governance principles and management processes.
- 2.4 The Authority's governance framework has continued to be in place for the year ending 31 March 2022 and up to the date of approval of this statement.

3 Applying the principles of good governance at Tyne and Wear Fire and Rescue Authority

- 3.1 The Authority's local Code of Corporate Governance brings together in one document all the governance and accountability arrangements it has in place. This Code was updated and submitted to the Authority for their approval in July 2021. In preparing this statement, the CIPFA/SOLACE framework is used as a benchmark by which to measure against.
- 3.2 The narrative below includes key examples of how the Authority has adhered to its governance commitments set out in the core principles of the Code. The Authority has a broad range of strategies and policies in place, and therefore this is not intended to be an exhaustive list.
- 3.3 **Principle A: Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law.**

The Authority's constitution acts as a framework to support decision-making and ensures all legal, financial and statutory requirements are met and are supported by standing orders, financial regulations and a scheme of delegation.

Under the supervision of the Monitoring Officer, the Authority adheres to legislative requirements and integrates the key principles of good administrative law – rationality, legality and natural justice in their procedures and decision-making processes. The Authority is transparent about how decisions are made and recorded and ensures appropriate legal, financial and other professional advice is considered as part of the decision-making process. Value for money is measured and the results considered prior to making decisions.

The leadership sets a tone for creating a climate of openness and respect and fosters a culture based on shared values, ethical principles and good conduct. The Authority operates two codes of conduct, one for Members and one for staff. These codes define the standards of behaviour expected by Members and staff, work between Members and officers, the Authority, the fire service, its partners and the community. Standards of behaviour are defined and communicated through these Codes, protocols and other policies and procedures. The Code of Conduct for Members is monitored by the Monitoring Officer and overseen by the Governance Committee. The Code of Conduct for staff is monitored by the Human Resources Department. Any allegations of wrongdoing are thoroughly investigated in accordance with the relevant disciplinary policies and procedures.

The Authority has arrangements to maintain registers of personal and business interests and a register of gifts and hospitality. Records are held by the Monitoring Officer on behalf of Members. The Human Resources department records these details for staff on behalf of the Chief Fire Officer.

The fire service's recruitment policy, induction and training processes incorporate personal behaviours with ethical values. Core values are embedded and the Equality Committee considers matters relating to equality, diversity and inclusion. The fire service's annual equality data and gender pay gap report was presented to the Human Resources Committee on 4 October 2021.

Procurement and financial regulations are clear and used to protect processes that

could be influenced by unethical behaviour. A full procurement process is adhered to which ensures these ethical standards are upheld.

An anti-fraud and corruption policy manages the risk of fraud and corruption and takes preventative steps and outlines the arrangements for confidential and anonymous reporting / whistleblowing (via Safecall), promotes detection and provides a clear route for investigation and prosecution, where fraudulent and / or corrupt activities or behaviour have been identified. Whistleblowing arrangements are being used, and the Authority responds appropriately. These arrangements have assisted with the maintenance of a strong regime of internal control.

When working in partnership Members and staff are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Authority or the fire service. There is clarity about the legal status of the partnership and representatives or organisations understand the extent of their authority to bind their organisation to partner decisions in an ethical way.

3.4 Principle B: Ensuring openness and comprehensive stakeholder engagement.

Authority and committee meetings are open for the public to attend. During the Covid-19 pandemic, the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, which came into force on 4 April 2020, made temporary provision until 7 May 2021, for Authority and committee meetings to be held remotely by video conferencing and were live streamed for public access. With the removal of the ability for Members to attend Authority meetings remotely after 7 May 2021, but with Covid-19 restrictions still in force until 19 July 2021, the Authority's Annual General Meeting took place on 14 June 2021, face to face and subsequent meetings have all been carried out in person.

During the pandemic, decisions made by the Chief Fire Officer using emergency powers and delegated decisions were reported to the Authority in accordance with the provisions of the Authority's constitution. The Chief Fire Officer made these decisions in consultation with the Finance Director and in accordance with the scheme of delegation. Reports were provided to the Authority at their meetings on the 13 July 2020 (*18 March 2020 to 30 June 2020*), 16 November 2020 (*1 July 2020 to 31 October 2020*) and 14 June 2021 (*1 November 2020 to 30 April 2021*).

The Authority ensures that all major decisions are captured, documented and published on Sunderland City Council's website (the Authority's secretariat). Integrated Risk Management Planning (IRMP) decisions and significant decisions are also reported on the Tyne and Wear Fire and Rescue Service (TWFRS) website.

The Authority publishes data in accordance with the Local Government Transparency Code 2015 and has adopted the Information Commissioner Office model Publication Scheme, which ensure that up-to-date information relating to the structure, activities, finances, plans, policies, performance and governance of the Authority and the fire service is published, increasing democratic accountability.

The Reserves Policy is published providing transparency to stakeholders about the purpose and level of the reserves held by the Authority. In addition, the audited Statement of Accounts, Annual Governance Statement, Narrative Statement and the External Auditor's Annual Report are published annually on the TWFRS website. A

commitment to openness is also shown through the distribution of strategic documents including the TWFRS Strategy 2025 and key performance information.

A variety of methods are used to engage with the public including directed communication using social media channels including promoting awareness campaigns about fire, water and road safety and anti-social behaviour reduction.

Community safety policies and procedures outline the Authority's approach to engaging with the community, in particular minority and vulnerable sectors of society. The fire service operates a safeguarding policy and procedure to refer vulnerable people, to partner agencies, where additional support is required.

Staff frequently conduct engagement with householders and businesses through a range of prevention and protection activities including Safe and Well visits and fire safety audits. Engagement with young people is conducted via the fire service's interactive learning centre Safetyworks!, the Princes Trust Programme, Phoenix Programme and the Juvenile Firesetters Education Programme (JFEP), boxing hub, Fire Cadets and educational visits to schools.

Public consultation and engagement arrangements are in place to invite the views of stakeholders prior to developing and implementing key changes. During 2021/22, this included consultation on the IRMP 2021-2024 and community engagement on the proposals for the new tri-station at Hebburn. The Authority carries out a statutory business rate and council tax consultation each year.

Staff engagement is conducted using a range of methods, including Executive Leadership Team listening events, all staff engagement sessions, and an 'Ask the CFO' email address. Staff are encouraged to contribute to feedback via team and department meetings, and through the line management structure.

The fire service proactively engages with representative bodies, which include the Fire Brigades Union, GMB, and Unison. This relationship is managed through the Joint Consultative Committee, which considers issues associated with service-staff relations and policy development. This forum complements the daily arrangements that support effective industrial relations management.

The fire service operates a compliments and complaints policy and procedure and is able to respond effectively to any compliment or complaint in timely manner. This process is managed and monitored internally and reported quarterly to the Corporate Governance Board, annually to the Executive Leadership Team and to the Governance Committee.

The Authority recognises the role it plays in supporting partnership working across Tyne and Wear and the contribution of partners in assisting it to deliver its own objectives. The fire service's vision, strategy and strategic plans (such as the IRMP), and priorities are developed through robust mechanisms, and in consultation with staff, the community and other key stakeholders.

The Authority has formal partnership arrangements in place with Sunderland City Council to provide specialist support services. Other arrangements with emergency service partners demonstrate clear and appropriate governance accountabilities. The fire service operates a partnership register, which provides a framework for staff involved in or considering new partnership arrangements and assists in reviewing existing arrangements.

3.5 Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

The Authority's purpose and intended outcomes for service users is communicated, both within the fire service and to external stakeholders. The TWFRS Strategy 2025 explains how the fire service intends to deliver high quality services that meet the needs of its communities now and in the future. The strategy presents a clear vision, strategic goals, and priorities for a five-year period.

The IRMP 2021-2024 drives continuous improvement and innovation in the fire service, ensuring that services are planned, designed and delivered in a way that balances efficiency and community risk. The IRMP process is used to improve community outcomes, strengthen prevention, reduce costs, reduce incidents and manage the risk in our communities. The IRMP is based on the analysis of extensive data and information, local intelligence, and a comprehensive understanding of local, regional and national risks.

The Community Risk Profile 2020-2023 (CRP) provides a comprehensive and forward-looking assessment of the risks in the communities of Tyne and Wear. The IRMP 2021-2024 contains actions, which ensure that risks, including those identified in the CRP, are appropriately addressed and resources are targeted at these risks.

The Medium Term Financial Strategy (MTFS) 2021/2022 to 2024/2025 and the annual budget process ensures that financial resources are directed to the Authority's priorities. The MTFS and the Efficiency Plan are key to delivering value for money.

Budget monitoring remains robust at both strategic and service level via the production of regular financial monitoring reports for both Capital and Revenue budgets. These reports, as well as being scrutinised by budget managers, are reported to the Executive Leadership Team and quarterly to the Authority.

Annual department plans are in place and are supported by risk / business continuity planning. All departments prepare and monitor a suite of key performance indicators (KPIs) to review service standards and promote continuous improvement of corporate services.

Equality impact, risk and privacy impact assessments are carried out to ensure that any changes to procedures do not affect any stakeholders adversely and service delivery outcomes are not affected.

The Authority's governance arrangements also extend to cover the wholly owned trading subsidiary "TWFRS Ltd".

3.6 Principle D: Determining the interventions necessary to optimize the achievement of the intended outcomes.

The MTFS includes actions to ensure the financial sustainability of the Authority and the budget planning processes ensure budgets are prepared in accordance with objectives, strategies and the MTFS. This involves input from both the fire service and Authority Members and shows how the resources will be deployed over the next few years to deliver agreed outcomes and priorities.

Collaboration with partners and agencies is an important aspect of the Authority's work including prevention and protection, responding to incidents and use of resources. The

fire service has a successful record of blue light collaboration, including co-location at a number of sites, joint training and exercising and improved operational and preventative activities.

The work undertaken via the Northumbria Local Resilience Forum (LRF) in response to the Covid-19 pandemic has strengthened existing partnerships, initiated new partnerships, and increased engagement with the most vulnerable in society. During 2021/22, work included supporting the national vaccination programme (provision of vaccinators and site management / marshalling), and administering lateral flow tests.

The monitoring of staff availability, incidents, the workforce and budgets ensures that issues are identified and appropriate interventions agreed. The risk management policy sets out the process to identify and control exposure to uncertainty, which may impact on the achievement of the Authority's objectives or activities. A corporate risk register is in place and is reviewed regularly to ensure that risks are appropriately managed.

Fire Standards, National Occupational Standards and National Operational Guidance are overseen by the appropriate business areas, which ensure they are integrated into fire service policy, procedures and guidance.

The fire service operates a performance management framework. Performance reports are produced and reported to the Executive Leadership Team, Policy and Performance Committee and the Authority quarterly, for scrutiny and transparency.

Arrangements are in place for compliance with health and safety requirements. Health and safety policies and procedures detail roles and responsibilities and accident and investigation reporting internally and to the Health and Safety Executive under the Reporting of Injuries Diseases and Dangerous Occurrences regulations 2013 (RIDDOR). The fire service participates annually in the Royal Society for the Prevention of Accidents (RoSPA) Achievement Awards, consistently achieving the gold award, which demonstrates high health and safety standards.

3.7 Principle E: Developing the Service's capacity, including the capability of its leadership and the individuals within it.

The Authority ensures the necessary roles and responsibilities for effective governance are identified and allocated so there is accountability for decisions made. This is done through the Authority's constitution and the scheme of delegation, which outlines the roles of Members and officers, which includes the statutory roles of Chief Fire Officer (Head of Paid Services), Finance Director (Chief Financial Officer) and the Monitoring Officer.

The fire service manages the performance of its staff through effective policies, procedures and working practices. To ensure the fire service meets the needs of the community staff have the skills, knowledge and experience they need to perform well. Robust recruitment and selection processes and detailed job profiles support this process.

Induction processes are in place for Members and staff. These include an introduction to the fire service, values and codes of conduct and the requirements of the role. The Authority operates a Member learning and development programme to improve Member knowledge, skills and abilities in their individual or collective roles in meeting the Authority's strategic objectives.

The health and wellbeing of the workforce is achieved through a range of measures including HR policies and guidance documents, flexible working, a fitness advisor and the work of the Occupational Health Unit who provide counselling, physiotherapy, trauma support and wellbeing at work initiatives. The fire service were awarded the 'Better Health at Work' gold award.

Appropriate training is conducted for operational and non-operational staff; ensuring staff acquire, maintain and develop the appropriate technical and professional skills required for their roles and to support the achievements of the Authority's strategic objectives. Staff are required to perform their roles safely, confidently and effectively in accordance with Service training policy and in alignment with identified role maps, National Operational Guidance, National Occupational Standards and competency frameworks for operational staff.

A team of officers regularly attend incidents, training and exercises to carry out a performance and review role, observing aspects of operational performance and feeding back improvement actions. Information gathered to verify and measure compliance with standard operating procedures and incident management systems is recorded on the Risk Management and Assurance Database.

All staff participate in the annual Performance Development Review (PDR) process where they and their manager discuss and set expectations about personal objectives and how they align to corporate goals. PDRs support staff to understand how they are performing and what opportunities are available for training and career progression.

The fire service achieved the Investors in People Gold Award status, which benchmarks the effectiveness of its leadership and management practices.

3.8 Principle F: Managing risks and performance through robust internal control and strong public financial management.

The Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Public Service Organisations. The Finance Director is the designated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972 ensuring lawfulness and financial prudence of decision-making, and is responsible for the proper administration of the Authority's financial affairs.

Financial management supports the delivery of services and transformational change as well as securing good stewardship. There are comprehensive budgeting systems in place and a robust system of budgetary control, including quarterly and annual financial reports, which indicate financial performance against forecasts. The Authority's Statements of Accounts are subject to scrutiny and the External Auditor delivers an opinion annually on whether the Authority is providing value for money. There is regular reporting of non-financial performance against targets and priorities to the Executive Leadership Team and to Members via the Authority and its committees.

Under the Civil Contingencies Act (2004) (Part 1. Para 2(1) (C)) and the Fire and Rescue Services Act 2004 there is a duty for all Category 1 Responders to prepare plans to ensure so far as reasonably practicable, so the fire service can perform its core functions in an emergency.

The fire service use a robust and transparent five stage framework to identify, assess, treat, report and review risk that utilises the right tools, methods and processes to

manage risk in a transparent way. This framework conforms with the risk management legislation outlined within the Civil Contingencies Act (2004) and its supporting guidance, namely, The Principles of Effective Response and Recovery in addition to aligning with the ISO31000 international standard of risk management.

The Authority aligns with ISO22301 for Business Continuity and arrangements are in place to ensure that critical services can continue in the event of disruption and are subject to regular review, development and testing. Business continuity plans have been in operation during the Covid-19 pandemic and activities and have been co-ordinated with partners through the LRF to support the multi-agency response.

Management arrangements ensure that recommendations for improvement made by the Internal Auditor and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), as well as self-identified improvements are monitored and progress regularly reported on.

Policies for anti-fraud and corruption and whistleblowing are in place, which confirms the Authority's commitment to operating in a fair and transparent manner. The Authority participates in the National Fraud Initiative.

Policies are in place to manage the handling of data including adherence to data protection legislation, Freedom of Information requests, data quality, storage and retention and information security. Where appropriate information sharing protocols have been developed and agreed with partners.

3.9 Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The Governance Committee operates in accordance with guidance provided by CIPFA, oversees, and reviews the adequacy and effectiveness of the governance arrangements and the internal control environment.

Reports and minutes of the Authority and its committees are publicly available on Sunderland City Council's website (the Authority's secretariat). Reports follow a structured format, which ensures that key information is presented in a clear and consistent manner to aid decision-making.

The Authority publishes information relating to salaries, business interests and performance data. Members and officers declare relevant interests in accordance with the Code of Practice on Local Authority Accounting in the UK. These declarations enable the Authority to identify and report any related party transactions. The Annual Pay Policy Statement is approved and published in accordance with the Localism Act 2011. Member salaries are paid in accordance with the Independent Remuneration Panel decisions and reported on the TWFRS website.

The Procurement Services Manager provides advice and clear guidance on the procuring of goods and services. There is a robust system of scrutiny, which includes competitive and formal procurement with advertising of opportunities in line with the Public Contracts regulations (PCR2015). Procurements are awarded on the Most Economically Advantageous Tender (MEAT) principle. Reports on significant (£500,000 and above) procurements are prepared for approval by the Authority.

The Annual Statement of Accounts and Annual Governance Statement are subject to scrutiny and approval in accordance with the Authority's constitution. The Annual

Statement of Accounts provides clear information on income and expenditure and demonstrates the stewardship of public money for the year. The accounts are submitted for audit by the statutory deadline of 31 May. The Annual Governance Statement provides transparency on the governance arrangements and the planned improvements for the coming year. The External Auditor provides an opinion on the Statement of Accounts, which is published on the Authority's website. The Authority acts on recommendations and, where necessary, takes corrective action.

The Authority maintains an Internal Audit service, provided by Sunderland City Council. An independent periodic review of its effectiveness is undertaken which concluded that it operated in accordance with professional standards. The work of Internal Audit is planned on the basis of risk and provides assurance that key risks are being managed. The Authority acts on recommendations and where necessary, takes improvement action.

Processes are in place to ensure that recommendations from HMICFRS and regulatory bodies are actioned.

4 Review of effectiveness

4.1 The Authority has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control, at least annually and the Deputy Chief Fire Officer leads the review of the effectiveness.

4.2 The effectiveness of the governance framework draws on evidence and assurances from the work of the Authority and its committees, statutory officers, the Executive Leadership Team, the work of Internal and External Audit, other review agencies and HMICFRS. The process applied in maintaining and reviewing the effectiveness of the governance framework is set out below:

4.3 The Authority

4.3.1 The Authority's constitution sets out how it operates, how decisions are made and the procedures, which are followed to ensure these, are efficient, transparent, and accountable. Member training sessions are organised throughout the year to discuss matters in more detail and in an informal environment.

4.3.2 The Annual General Meeting of the Authority takes place in June of each year. The format and structure of its democratic decision process is re-affirmed, and approval is given to the powers and make-up of the Governance Committee, Policy and Performance Committee and Human Resources Committee. The terms of reference and responsibilities of these committees form part of the Authority's Standing Orders.

4.3.3 In addition to the above committees, there are a further three committees and a sub-committee, which meet on an ad-hoc basis to discuss specific matters as and when they arise. They are the Appointments Committee, Disciplinary Appeals Committee, Personnel Appeals Sub-Committee and an Emergency Committee.

4.3.4 The Authority and its committee structure monitor the effectiveness of the governance framework through the consideration of regular performance, financial and strategic risk management reports. The Authority and its committees receive regular feedback from senior officers on the delivery of services and the achievement of objectives and targets. The Chair of the Authority, Chief Fire Officer and the Finance Director oversee the review and sign off the Annual Governance Statement.

4.4 The Governance Committee

- 4.4.1 The Governance Committee considers the effectiveness of the Authority's governance arrangements, risk management arrangements, control environment and anti-fraud and corruption arrangements and seeks assurance that action is being taken on risk-related issues identified by the auditors and the HMICFRS on corporate governance matters.
- 4.4.2 The committee receives and considers Internal Audit's Annual Plan and Annual Report and the reports and opinions of the External Auditor, including the Auditor's Annual Report and monitors management action in response to the issues raised.
- 4.4.3 The committee has a responsibility to ensure internal control systems are effective and that policies and practices are compliant with statutory requirements, other regulations and guidance. This committee satisfies themselves that the Authority's assurance statements properly reflect the risk environment, any actions required to improve it and make recommendations or comments to the Authority as appropriate.
- 4.4.4 The committee is responsible for the ethical framework of the Authority and promotes high standards of conduct, working closely with the Monitoring Officer to deal with complaints about Member conduct.
- 4.4.5 The committee aligns with the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities and* undertakes an assurance and advisory role.

4.5 Statutory Officer roles:

- 4.5.1 The Authority appoints the following statutory officers:
 - The Head of Paid Services (Chief Fire Officer) has overall responsibility for the management and operational activities of the fire service and:
 - Provides professional advice to the Authority and its committees; and
 - Ensures a system for recording and reporting Authority decisions, together with the Monitoring Officer.
 - The Chief Financial Officer (Finance Director and s151 Officer) has overall responsibility for the financial management of the Authority and:
 - Ensures that the financial position of the Authority is monitored throughout the year and consideration is given to financial implications when taking decisions and with the support of External Audit that financial processes are complied with.
 - For advising both senior officers and elected Members on all financial matters in line with CIPFA's document *Role of the Chief Financial Officer in Local Government* (2010). The Authority's financial management arrangements conform to the governance requirements of the CIPFA statement.
 - The post holder is professionally qualified and has many years' experience within Local Authority finance.
 - The Monitoring Officer has overall responsibility for:
 - Ensuring compliance with established policies, procedures, laws and regulations, and the lawfulness and fairness of decision-making.
 - Reporting on matters she believes are, or are likely to be, illegal or amount to maladministration;
 - Matters relating to the conduct of Members and Principal Officers; and

- The operation of the Authority's constitution.

4.6 The Executive Leadership Team

4.6.1 The Executive Leadership Team are responsible for the development and maintenance of the governance environment by:

- Providing clear direction to the fire service and senior managers;
- Providing information from various sources to inform governance arrangements, e.g. performance reports, financial and risk management arrangements and;
- Contributing to the completion and review of the Annual Governance Statement.

4.7 Financial planning

4.7.1 The MTFS provides the financial strand linking the budget-planning framework for Revenue and Capital budgets with Authority and fire service goals and priorities over a rolling 4 year period. The MTFS is presented to the Authority as part of the Revenue Budget report and published papers are made available to the public in February of each year on Sunderland City Council's website.

4.7.2 The budget planning framework and draft budget is scrutinised and approved by the Authority as part of a well-embedded budget cycle process each year culminating with final approval in February. This process ensures that a realistic and affordable budget is approved in accordance with the advice of the Finance Director (Section 151 Officer), who provides assurance to Members that the budget is prudent, affordable and sustainable.

4.7.3 The Authority approved a balanced budget for 2021/22 in February 2021. Monitoring of expenditure against the budget is carried out throughout the year and the Executive Leadership Team is regularly kept informed of the position. Formal quarterly reports are also provided to the Authority where the Revenue Budget and Capital Programme are scrutinised and actions approved by Members of the Authority as considered necessary. The fire service reported an estimated underspend of £0.700m for the financial year 2021/22, the detail of which is set out in the quarterly budget monitoring report made to the Authority in November 2021. The final underspend position however will not be known until the outturn report is finalised and reported to members in June 2022.

4.7.4 The Authority continued to ensure it had good arrangements for managing its finances and achieving value for money throughout the year. The financial planning process and the need to provide best value services is well embedded and understood across the Authority by Members and staff. A financial services team, managed by the Head of Financial Services who reports directly to the Finance Director maintains the correct competencies and ensures that the Authority and the Executive Leadership Team receive appropriate financial information to support the key decisions and objectives of the fire service.

4.7.5 The Treasury Management Policy and Strategy 2021/22 (including both borrowing and investment strategies) for 2021/2022 and the Prudential 'Treasury Management' Indicators for 2021/2022 to 2024/2025 was presented to the Governance Committee in March 2021 for scrutiny before it was fully approved by the Authority. The Treasury Management Policy and Strategy and its Prudential Indicators, are regularly monitored and formally reported to Governance Committee quarterly, ensuring that the Authority's

proposed Capital Programme is sustainable, affordable and achievable within the total resources envelope available to the Authority and also helps inform the MTFS.

4.8 CIPFA Financial Management Code

- 4.8.1 In October 2019, CIPFA issued a new Financial Management Code. The purpose of the Code was to support good practice in financial management and to assist authorities in demonstrating their financial sustainability. It contains a set of minimum standards for financial management for local authorities, including fire authorities.
- 4.8.2 A detailed review has been undertaken by the Finance Director, which concluded that the Authority's arrangements comply with the CIPFA Financial Management Code.

4.9 Performance management

- 4.9.1 There is a system of performance management embedded within the Authority's management structure and processes. The TWFRS Strategy 2025 sets out the Authority's key objectives, which are reflected in the annual departmental plans and KPIs. These plans are monitored by the Business Improvement Team, managed by the Senior Leadership Team and key outcomes reported to the Executive Leadership Team and Authority regularly.
- 4.9.2 The Operational Standards Programme 2021 has provided substantial assurance: an independent team visited all 61 watches across the duty systems during 2021/22 and the standard of performance was high. Identified areas for improvement were fed back and will be incorporated into future training programmes. A new programme of Operational Standards 2022/23 will include a continuation of station visits, support to phase II firefighters, and the development of leadership pathways for supervisory commanders.
- 4.9.3 The performance management framework is under review, with the aim to improve the management and reporting of corporate performance.

4.10 Risk management

- 4.10.1 The Governance Committee received a progress report regarding the management of corporate risks on 29 November 2021, to ensure independent scrutiny of the corporate risk register. The Chair noted the good practice of critically evaluating the register (min no.31/21 refers) which provides assurance to the committee that risk is being managed appropriately.
- 4.10.2 The corporate risks facing the Authority were reviewed on 5 April 2022 by the Executive Leadership Team as part of their ongoing management of risk and there is currently one risk that is categorised as intolerable on the register, namely:
- 01/20 Risk that the impending remedy for age discrimination in pension schemes results in detrimental financial and workforce impacts for the Service.
- 4.10.3 The Executive Leadership Team continue to monitor this risk closely and apply the appropriate mitigation whilst reporting progress to the Governance Committee and the Authority as part of the annual cycle of committee meetings for independent scrutiny and information, discussion and challenge respectively.

4.11 Business continuity

- 4.11.1 The Covid-19 pandemic allowed for real life testing of business continuity plans and the management of systems and processes and ensured that the fire service continued to deliver critical activities to the communities of Tyne and Wear. The fire service was also able to support local agencies and partners by taking on additional activities and it is of note that every request from partners for assistance with Covid matters was positively responded to and achieved.
- 4.11.2 The fire service maintained monthly Covid-recovery meetings into 2021/22 to ensure that the response remained appropriate and a safe return to normal ways of working once restrictions started to be lifted and subsequently removed.
- 4.11.3 The fire service ensured business continuity arrangements remained fit for purpose by undertaking regular reviews and updating individual business continuity plans as appropriate. Specific plans are also created and reviewed as required (i.e. Covid-19) to ensure the delivery of critical activities during any business interruption. The programme of testing and exercising of business continuity plans underpins the business continuity management system.

4.12 Internal Audit

- 4.12.1 Internal Audit is a key source of assurance for the Annual Governance Statement and operates in accordance with the Public Sector Internal Audit Standards. Internal Audit review the effectiveness of the Authority's governance arrangements, including the system of internal control, and reports on its adequacy. Internal Audit follow an audit plan based on an assessment of potential risks for the various systems and procedures.
- 4.12.2 The Internal Audit Plan for 2021/22 was noted and agreed by Governance Committee at their meeting on 8 March 2021 and set out the proposed plan of work for the Authority. The following five audits took place during the year:
- Project Management to review the arrangements in place to manage projects within the Service including the framework in place, benefits realisation, performance management and project evaluations.
 - Performance Management to examine the process in place to monitor and report on performance within the Service.
 - Financial Management a review of the strategy for holding reserves and its application within the Service.
 - Information Governance to review the results of the Service's Data Protection Officer's assurance work.
 - Corporate Governance to review the new governance arrangements that have recently been implemented regarding the operational management of the Service.
- 4.12.3 The audit reports provided either substantial assurance (risk levels are low) or moderate assurance (risk levels are acceptable) for the audit work carried out during the year as follows:

Substantial Assurance:

- Performance Management
- Financial Management
- Corporate Governance

Moderate Assurance:

- Project Management
- Information Governance

4.12.4 In addition to the above, transactional audit work was also undertaken on the lead Authority's key financial systems (Sunderland City Council), which are used by the Authority. Systems audited covered during the year included:

- Accounts Payable;
- Accounts Receivable / Periodic Income; and
- Payroll.

Substantial Assurance was reported on all areas of the systems and transactions tested.

4.12.5 The Governance Committee were updated on progress against the audit plan at their meeting on 29 November 2021 and received and noted the annual report on 27 May 2022. In summary, the Internal Audit report concluded that:

- Their audit work identified only 12 medium and 8 low risk recommendations but importantly did not identify any high or significant risks.
- The work undertaken did not identify any matters material to the overall internal control environment of the service.
- That 96% of all recommendations had been fully addressed by the year-end.
- Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken within 2021/22 'it is considered that overall, throughout the service, there continues to be a good internal control environment'.

4.13 External Audit

4.13.1 External audit is undertaken by Mazars, a limited liability partnership appointed by Public Sector Audit Appointments Limited for this purpose. The Auditor's Annual Report gives independent assurance of the Authority's financial control and value for money arrangements (including financial resilience and the overall efficiency and effectiveness of the Authority's arrangements).

4.13.2 The External Auditor issued an unqualified opinion on the Authority's Financial Statements for the year ended 31 March 2021 and in addition provides detailed commentary on the Authority's arrangements for achieving value for money, which is a new requirement for 2020/21 onwards. Details of the auditor's findings in respect of the audit of the accounts were included in their draft Audit Completion Report issued on 29 November 2021 to Governance Committee, which was finalised on 6 December 2021, with the audit formally completed and signed off on 9 December 2021.

4.13.3 Mazars issued an unqualified opinion on both the Authority's financial statements and Value for Money Conclusion. The Auditor's Annual Report confirms that the Authority:

- Produced unqualified Financial Statements for 2020/21 that gave a true and fair view of the Authority's financial position and its financial performance as at 31 March 2021 and that no objections to the published Financial Statements had been received;

- Published its Narrative Statement with the Financial Statements, as statutorily required, and that the details were found to be consistent with those Financial Statements;
- Had provided an Annual Governance Statement that was found to accurately reflect the Authority's governance arrangements and that these followed the requirements of the 'Delivering Good Governance in Local Government Framework 2016';
- Had no matters identified that required a report in the public interest or from other powers available to the auditor under the 2014 Act; and
- Had not identified any areas of significant weakness in the Authority's value for money arrangements, specifically in relation to:
 - Financial sustainability
 - Governance
 - Improving economy, efficiency and effectiveness.
- Provided detailed commentary and the evidence used in gaining their value for money opinions.

4.14 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Inspection

4.14.1 The Authority was first inspected by HMICFRS in 2018/2019 and judged as good for all three areas of inspection:

- Effectiveness – our emergency response and services we provide to the public
- Efficiency – how we manage our finances and how efficient we are
- People – our culture, training and how we treat our people

4.14.2 In October 2020, HMICFRS carried out a virtual thematic inspection of the Authority's planning arrangements, response and ability to demonstrate effective service during the coronavirus pandemic. This resulted in a positive outcome letter (dated 22 January 2021) being sent to the CFO and Chair of the Authority, praising the planning and response to the pandemic and recognised that fire service had continued to deliver its statutory duties and the Authority continued to adhere to the principles of good governance and scrutiny.

4.14.3 The second round of full inspections were postponed due to the Covid-19 pandemic, but commenced for 2021/22, with the fire service being inspected in December 2021. The report for this inspection is expected to be released in summer 2022.

5 How the Authority addressed the governance improvement actions from 2020/2021

- 5.1 The Annual Governance Statement 2020/21 contained 15 improvement actions; eight new actions identified during the 2020/21 annual governance review and seven legacy actions.
- 5.2 Progress against these actions was reported to the Governance Committee on 7 March 2022, where 10 of the 15 were closed. The following five actions have been carried forward for completion during 2022/23:

- Arrange for the provision of anti-fraud and bribery training for TWFRS Members, managers and staff.
- Further guidance and training required for staff on Privacy Impact Assessments (PIA) to improve staff understanding of and compliance with PIA requirements.
- Roll out training on corporate governance (CG) for the Senior Leadership Team (SLT) including info asset management.
- Information Asset Register and recording system to be reviewed, supported by new technology and further training.
- Review and streamline policies and procedures, to include PIA and Equality Impact Assessment (EIA) and support training, to align to new strategic planning framework.

5.3 Whilst progress has been made against the above actions, further work is required and Appendix A provides a high-level summary of the action taken during 2021/22.

6 Opinion on the governance framework

- 6.1 The 2021/22 review of the effectiveness of the governance framework shows that the arrangements continue to be fit for purpose and good assurance can be given that the framework is operating effectively in practice. The outstanding improvement actions noted in 5.2 above and the new actions outlined in 7.1 below, need to be addressed to further enhance the Authority's governance arrangements.
- 6.2 No review can provide absolute assurance; however, this statement is intended to provide assurance that there is an ongoing process for reviewing the governance framework and its operation in practice.
- 6.3 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.

7 Governance matters identified for improvement during 2022/23

- 7.1 The review of the effectiveness of the Authority's governance framework has identified the following four actions to be addressed during 2022/23:
- Develop a communication and engagement strategy to ensure the fire service continues to effectively engaging with both internal and external stakeholders.
 - Develop and deliver a structured management development programme for the Senior Management Group.
 - Review and improve the fire service's information governance approach and develop an information governance framework.
 - Review and where appropriate update the All Personnel Code of Conduct.
- 7.2 The action plan to progress these actions is attached in Appendix B.

- 7.3 The total number of improvement actions for completion during 2022/23 is nine, comprising of four new actions and five legacy actions carried forward from 2021/22.
- 7.4 The Corporate Governance Board and Governance Committee have a responsibility for ensuring the delivery of these actions to improve the Authority's governance framework.

8 Assurance summary

- 8.1 The Authority recognises that good governance provides the foundation for the delivery of good quality services that meet the needs of stakeholders and ensures that public money is well spent. This review confirms that the governance systems and monitoring arrangements the Authority had in place for 2021/22 were working effectively.
- 8.2 The Authority is satisfied that appropriate governance arrangements are operating and remains committed to enhancing these through the implementation of the improvement action plan during 2022/23.
- 8.3 To the best of our knowledge, the governance arrangements, as defined above and within the Authority's Code of Corporate Governance, have been effectively operating during 2021/22 with the exception of the points raised in section 7.1 and the outstanding actions still for completion as noted in section 5.2.
- 8.4 We pledge our commitment that over the coming year that steps will be taken to further enhance the Authority's governance arrangements. We are satisfied that these steps will address the improvements identified and we will monitor their implementation and operation during the year and as part of our next annual review.

Cllr Phil Tye
Chair of the Fire
Authority

Date:

Chris Lowther
Chief Fire Officer and
Chief Executive

Date:

Dennis Napier
Finance Director
(S151 Officer)

Date:

