TYNE AND WEAR FIRE AND RESCUE AUTHORITY

ANNUAL GOVERNANCE STATEMENT 2019/2020

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, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority 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.

1.2   In discharging this overall responsibility, the Authority 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.

1.3   The Authority has had a Code of Corporate Governance in place since 2003, which was revised during 2017/2018. The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. The revised Code is available on the Authority's website (www.twfire.gov.uk) or can be obtained from the Fire and Rescue Service Headquarters.

1.4   In providing the Annual Governance Statement the Authority has observed and complied with the revised principles contained within the Framework of the updated CIPFA Code of Corporate Governance 2016. The Authority has well established policies, procedures and controls that satisfy all of the new requirements in detail. The TWFRS Code of Corporate Governance is revised to reflect the changes made in the 2016 Framework.

1.5   This Statement explains how the Authority has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement of internal control.

2   THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1   The governance framework primarily includes systems, processes, culture and values by which the Authority directs and controls its activities and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2   The system of internal control is a significant part of that 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 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.

2.3   The governance framework has been in place at the Authority for the year ending 31 March 2020 and up to the date of approval of the Statement of Assurance and Annual Report and Statement of Accounts.

3   THE GOVERNANCE FRAMEWORK

3.1   **There is a clear vision of the Authority's purpose and intended outcomes for service users that is clearly communicated, both within the organisation and to external stakeholders**:

- The Strategic Community Safety Plan (SCSP) / Intergrated Risk Management Plan (IRMP) draws together a shared vision, principles for action and priorities (strategic objectives). For each strategic objective, key targets have been identified. The Plan sets out explicitly the key actions and performance targets for the future, and these are clearly linked with departmental / district service plans and resources. The Plan outlines the Authority's roles and responsibilities, the context in which it operates, what the strategic priorities and improvement objectives are, how the Authority will realise its vision, what its performance improvement and monitoring arrangements are, performance indicators and a financial overview. The financial overview section provides background commentary to the issues the Authority has considered in setting the budget and in preparing the Medium Term Financial Strategy.

- The SCSP and IRMP contain actions which recognises the risks within the Authority boundaries that are identified in the Community Risk Profile and need to be addressed, and ensures that the available resources are targeted at these risks.

- Communication of objectives to employees and stakeholders takes place through the following means:

  - Distribution of the SCSP / IRMP on the Authority's website and intranet.
  - Consultation with employees, members of the public and other stakeholders on IRMP proposals.
  - The issue of a Statement of Assurance and Annual Report setting out the Authority's priorities, how the Authority spent money on achieving these during the last financial year, and how successful the Authority has been.
  - Through the Authority's Investors in People processes.
  - Internal communication channels, including listening events, management / employee briefings   and Vlogs.
  - Posters throughout the Authority's premises.

3.2   **Arrangements are in place to review the Authority's vision and its implications for the Authority's governance arrangements**:

- The Strategic Community Safety Plan / Integrated Risk Management Plan and all priorities are regularly reviewed to provide a long-term focus for the Authority.

- Through reviews by external bodies the Authority constantly seeks ways of securing continuous improvement. The Authority has professional and objective relationships with these external bodies.

- There are comprehensive annual reviews of the local Code of Corporate Governance to ensure that it is up to date and effective.

3.3   **Arrangements exist for measuring the quality of services for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources**:

- There are clear and effective performance management arrangements including personal development plans for all employees, which address financial responsibilities and include equality objectives.

- There is regular reporting of performance against key targets and priorities to the Authority's Executive Leadership Team, the Governance Committee and the Policy and Performance Committee.

- Services are delivered by suitably qualified / trained / experienced employees and all posts have detailed job profiles / descriptions and person specifications.

- External auditors deliver an opinion annually on whether the Authority is providing value for money.

3.4 **The roles and responsibilities of all officers and employees are clearly defined and documented, with clear delegation arrangements and protocols for effective communication**:

- Standing Orders and Financial Regulations are in place and these set out how the Authority operates and how decisions are made, including a clear Delegation Scheme.

- The Standing Orders and Delegation Scheme indicates responsibilities for functions and sets out how decisions are made.

- The Standing Orders contain the Terms of Reference of the full Authority and other committees, setting out executive and scrutiny functions within these.

3.5 **Codes of Conduct defining the standards of behaviour for Members and employees are in place, conform with appropriate ethical standards, and are communicated and embedded across the organisation**:

The following are in place:

- Members' Code of Conduct
- Employees' Code of Conduct
- Registers of Interests, Gifts and Hospitality
- Monitoring Officer Protocols

3.6 **Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals, which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks**:

- 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 employed by the Authority is the designated Finance 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. The Deputy Clerk is the Authority's Monitoring Officer who has maintained an up-to-date version of the Standing Orders and has endeavoured to ensure lawfulness and fairness of decision making.

- The Authority has in place up to date financial procedure rules and procurement rules which are subject to regular review.

- Written procedures are in place covering financial and administrative matters, as well as HR policies and procedures. These include:

  - Whistle Blowing Policy
  - Anti-Fraud and Corruption Policy
  - Codes of Conduct
  - Health and Safety Policy
  - Compliments, Comments and Complaints Policy
  - Corporate Risk Management Strategy
  - Procurement Codes of Practice
  - Partnerships Procedure
  - Treasury Management Strategy based upon CIPFA's Treasury Management Codes
  - Functional budget management schemes

- There are robust and well embedded risk management processes in place, including:

  - Risk Management Strategy and Policy Statement
  - Corporate Risk Profile
  - Community Safety Strategy
  - Organisational Development Strategy
  - SCSP / Integrated Risk Management Plan
  - Nominated Risk Manager
  - Corporate Risk Management Group
  - Partnerships Risk Register
  - Member Risk Champion
  - Risk Management and Assurance Database
  - Information Asset Register
  - Information Asset Management Policy.

- There are comprehensive budgeting systems in place and a robust system of budgetary control, including formal quarterly and annual financial reports, which indicate financial performance against forecasts.

- The Authority aligns with ISO22301 for Business Continuity, and Business Continuity Plans are in place which are subject to ongoing review, development and testing.

- There are clearly defined capital expenditure guidelines and capital appraisal procedures in place.

- Appropriate project management disciplines are utilised.

- The Authority participates in the National Fraud Initiative and subsequent investigations.

3.7 **The core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities,* are undertaken by members**.

The Authority has a Governance Committee which, as well as approving the Authority's Statement of Accounts, undertakes an assurance and advisory role to:

- Consider the effectiveness of the Authority's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.

- Be satisfied that the Authority's assurance statements, including the Statement of Internal Control, properly reflect the risk environment and any actions required to improve it.

- Receive and consider (but not direct) internal audit's strategy, plan and monitor performance.

- Receive and consider the external audit plan.

- Review a summary of internal audits, the main issues arising, and seek assurance that action has been taken where necessary.

- Receive and consider the annual report of internal audit.

- Consider the reports of external audit and inspection agencies, including the Annual Audit and Inspection Letter.

- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.

- Review the external auditor's opinions and reports to members, and monitor management action in response to the issues raised by external audit, and

- Make recommendations or comments to the Authority as appropriate.

3.8 **Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. All reports are considered for legal issues before submission to members**:

- The Deputy Clerk is the Authority's designated Monitoring Officer and a protocol is in place with all Principal Officers, to safeguard the legality of all Authority activities.

- 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. Internal audit work is planned on the basis of risk.

3.9 **Arrangements for whistle-blowing and for receiving and investigating complaints from the public are in place and are well publicised**:

- The Authority is committed to establishing and maintaining effective reporting arrangements to ensure that, where an individual, whether an employee of the Authority, a Member, or any member of the public, has serious concerns regarding the conduct of any aspect of the Authority's business, they can do so through a variety of avenues, promptly and in a straight forward way.

- The framework in place to ensure the aims of this policy are met are set out in the 'Whistle Blowing Policy Arrangements' procedure for Authority staff. Members of the public currently raise issues through the Compliments, Comments and Complaints procedure and there is also a whistle blowing policy and procedure for members of the public.

- Monitoring records held by the Deputy Clerk on behalf of Members, and the Chief Fire Officer on behalf of employees and members of the public reveal that the whistle blowing arrangements are being used, and that the Authority is responding appropriately. The whistle blowing arrangements have assisted with the maintenance of a strong regime of internal control.

3.10 **Arrangements exist for identifying the development needs of Members and Principal Officers in relation to their strategic roles**:

- The Authority has a Members Learning and Development Programme in place which sets out a clear commitment to Members to provide a range of learning and development opportunities which will improve their knowledge, skills and abilities in their individual or collective roles in meeting Authority strategic objectives. In addition Members have access to their nominating authority learning and development policies, plans and procedures.

- The Elected Member Learning and Development Programme aims:

  - To provide comprehensive Member development
  - To ensure that all newly elected Members are properly inducted into the Authority
  - To ensure that all emerging needs for both individuals and across the board are identified and addressed
  - To ensure that resources available for Member development are effectively used.

- The Authority has an Organisational Development Strategy to enable and support the organisation in managing the performance of all of its employees through effective policies, procedures and working practices and is key to ensuring that the organisation meets the needs of the community. This includes assessing ability against requirements of the role, annual performance review focusing on strengths and highlighting areas of weakness, job related training, and ongoing evaluation and includes the extent to which an employee understands and supports the values of the Authority.

3.11 **Clear channels of communication have been established with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**:

- The Authority has a consultation policy which aims to ensure that consultation activity is effectively co-ordinated across the Authority and with partner agencies, impacts on service delivery, and is delivered to a high standard.

- The consultation policy is complemented by the Community Safety Strategy which outlines the Authority's approach to engaging with the community, in particular minority and vulnerable sectors of society.

3.12 **Governance arrangements with respect to partnerships and other group working incorporate good practice as identified in guidance on the governance of partnerships, and are reflected in the Authority's overall governance arrangements:**

- The Authority has published a Partnerships Procedure which includes a template for Partnership Agreements and a Partnership Toolkit. This was revised in 2015. The procedure is designed to provide a corporate framework for all employees involved in considering new partnership working, and to assist Members and officers to review existing arrangements.

- A Register of Partnerships is maintained. The deliverables of all prospective and existing partnership is closely measured using a standard framework.

- A review of all partnerships is presented to the Executive Leadership Team.

- An Information Sharing Protocol is published which underpins Information Sharing Agreements with partners.

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

4 REVIEW OF EFFECTIVENESS

4.1 The Authority 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 the effectiveness is informed by feedback from Members and the work of all senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes the following:

The role of the Authority:

- Elected Members have participated in the annual review of the Authority's Corporate Governance arrangements.

- The Chair of the Authority, the Chief Fire Officer and the Strategic Finance Manager have overseen the review and signed the Annual Governance Statement.

The role of the Executive Leadership Team:

- The findings of the Annual Governance Review have been reported to the Executive Leadership Team for their consideration and comment.

The role of the Governance Committee:

- The findings of the Annual Governance Review have been reported to the Governance Committee. Under their Terms of Reference the Governance Committee has satisfied themselves that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.

- There is a system of scrutiny delivered through the HR Committee, Governance Committee and the Policy and Performance Committee including scrutiny of:

  - The effectiveness of corporate governance arrangements;
  - The Authority's treasury management policy and strategy, including the annual borrowing and investment strategy;
  - Organisational performance; and
  - Potential for future changes in service provision based on relevant performance information, risk analysis and changes in economic, social and environmental conditions or statutory requirements.

4.3   All Area Managers including the Finance Director have participated in the annual governance review relating to their areas of responsibility by providing Controls Assurance Statements relating to their area of responsibility, following consideration of their department heads' detailed self-assessments / questionnaires.

4.4   Internal audit planning processes include consultation with the Principal Officers, reviews of the Strategic Community Safety Plan / Integrated Risk Management Plan and the Corporate Risk Profile. Audit work is risk based and includes risks in relation to the achievement of Service objectives, and Internal Audit Services carry out regular systematic auditing of key financial and non-financial systems. In concluding their report on the 2019/20 Audit activities, they stated "Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken in 2019/20, it is considered that overall throughout the Service there continues to be a good internal control environment."

4.5   External audit is undertaken by Mazars, a limited liability partnership appointed by Public Sector Audit Appointments Limited for this purpose. The Annual Audit Letter 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).

4.6   The Group considered the Annual Audit Letter and Audit Completion Report prepared by the Authority's external auditors, Mazars, covering 2018/2019, which gives independent assurance of financial control and Value for Money (including financial resilience and the overall efficiency and effectiveness of the Authority).

4.7   Mazars issued an unqualified conclusion on both financial management arrangements and Value for Money. Their report included comments that:

  - On the basis of our work, we are satisfied that in all significant respects Tyne and Wear Fire and Rescue Authority has put in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
  - The audit made one medium risk recommendation to strengthen the assurance arrangements that the Authority has that the firefighter pension data processed by West Yorkshire Pension Fund is

accurate. The Authority agreed to address this issue which has been completed in this financial year (2019/2020).

- The Authority has continued to report regularly on its financial performance to the Policy and Performance Committee and the full Authority. The 2018/19 outturn was an overall net underspend of £1.681m (2017/18 £1.273m), with the Authority having a good track record of effective budget management.
- The Authority has continued to make good progress in addressing the financial challenges from public sector austerity and has a proven track record of delivering planned budget reductions.
- The Authority's usable reserves (excluding its general fund balance) were £25.432 million as at 31 March 2019 (£21.040 million at 31 March 2018). Although these are earmarked for specific purposes, they do provide flexibility to manage the medium-term financial position.
- The Authority continues to face a funding gap to address in coming years, therefore further savings and / or sources of additional income continue to be required, which the Authority is well aware of and actively exploring options.
- The Audit report concluded that the Auditors were satisfied that in all significant respects, the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.
- The Audit work carried out provided assurance that there was no indication of management override of controls or material estimation error in respect of pensions in the audited financial statements.

4.8   It is considered that the Annual Audit Letter provides reassurance that the Authority's overall governance and control arrangements are satisfactory.

4.9   Findings of external bodies / audits are collated, acted upon and monitored by the Executive Leadership Team.

5   CONCLUSION AND AGREED ACTIONS

5.1   The 2019/20 Corporate Governance Action Plan presented to Fire Authority in June 2019 included 20 corporate improvement objectives, 14 of which were completed during the year, leaving 6 to be carried forward to the 2020/21 Action Plan, demonstrating continued improvement in these areas. In addition, 5 new actions were identified during the annual review.

6   ASSURANCE STATEMENTS

6.1   The Executive Leadership Team, the Authority and the Governance Committee have advised us of the findings of the review of the effectiveness of the governance framework, and an action plan has been agreed for the continuous improvement of the Authority's Corporate Governance and Internal Control Arrangements.

6.2   We propose over the coming year to take steps to implement the action plan to further enhance the Authority's governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the next annual review.

Cllr Anthony Taylor   Chris Lowther   Dennis Napier
Chair of the Authority   Chief Fire Officer and Chief   Finance Director
                              Executive

Date: 28th August 2020

Improvement Action Plan for 2020/21

Ref.	Actions	Responsible Officer(s)	Timescale / Update
28	• Meet data security requirements, including implementation of Emergency Services Mobile Communication Programme (ESMCP)	ACO Community Safety / ACO Organisational Development	**Actions for 2020/21** Project 'Reset' concluded with new three Phased delivery schedule in place. Deployment plans in development, Full Business Case is not yet finalised and published. Revised LTR funding model for 2020/21 onwards implemented and local business cases approved. Coverage Assurance work progresses whilst Control Room systems upgrade works to enable connectivity to the ESN are underway. Wider FRS engagement is planned initially via a presentation to SLT. **This project is a National (Government) Initiative, therefore TWFRS is not in control of timescales.**
31	• Development and introduction of Coaching / Peer Support system, new policy to assist development of personnel	HR Director	**Actions for 2020/21** • Re-focus resources following roll out of the new PDR process in 2019/20. • Build on Peer Support given through informal and formal mentoring that has continued to grow in the Service. • Launch TWFRS formal Mentoring programme in Summer 2020. • Build on Mentoring workshops that have been hosted for BTC Instructors in preparation for new firefighter recruits. • Encourage staff to build professional networks outside of the Service to enhance coaching and mentoring.
32	• Succession planning to be further developed and implemented	HR Director	**Actions for 2020/21** • MAP underway, talent pools will be created and a further review with HR/L&OD will be scheduled to discuss next steps.

			• Succession Plan to be documented (link to HMICFRS Improvement Action Plan 2019).
43	• Review and streamline policies and procedures, to include PIA & EIA and support training, to align to new strategic planning framework	AM Strategy and Performance	**Actions for 2020/21** • Linked to IAR, intranet review / upgrade, SLT. • Standardisation and co-ordination required.
50	• Project Management principles and processes are applied i.e. PSUs and evaluations completed in all projects	AM Strategy and Performance	**Actions for 2020/21** • Project Management and Evaluation Toolkit to be reviewed by Sept 2020. • L&OD sourcing PM / evaluation training for SLT, P&E and key roles, as part of the HMICFRS Improvement Plan actions. • Implement Business Improvement Programme Management Board.
60	• Information Asset Register(IAR) and recording system to be reviewed, supported by new technology and further training	AM Strategy and Performance	**Actions for 2020/21** • New Information Asset Register is currently being rolled out in conjunction with MS Teams. When departments request a new Team they must complete the IAR for their department, which has been simplified. Data and Info Manager and Info Governance Advisor are currently working with depts. to support roll out and highlight IAR and Records Retention procedure for guidance. • Further Training for SMG Required 2020/21.
66	• Establish corporate oversight of TWFRS Partnership Register - review register and process, embed evaluation / benefits realisation of collaboration	AM Strategy and Performance	**Action by 31st March 2021**
67	• Roll out training on CG for SLT – including CG principles, CG cycle, info asset management, Impact Assessments (PIA / EIA)	AM Strategy and Performance	**Action by 31st March 2021**

68	• Review Strategic / Corporate Plan – (ensure Strategic Planning Framework (including vision, mission and corporate goals), aligns to organisational strategies, policies, procedures and department annual plans, and PDRs are linked	AM Strategy and Performance	**Action by 31st March 2021**
69	• Assess / evaluate impact of COVID-19 on our Corporate Governance arrangements (e.g. information security, policies, agile working, communications)	AM Strategy and Performance	**Action by 31st March 2021**
70	• Clarify new emergency powers of CFO and establish record of all delegated decisions	Finance Director	**Action by 31st March 2021**