

GOVERNANCE COMMITTEE

Meeting of the GOVERNANCE
COMMITTEE to be held in the Fire
Authority Rooms at the Fire and Rescue
Service Headquarters, Nissan Way,
Barmston Mere, Sunderland on **FRIDAY 27
MAY 2022 at 10.30am**

A G E N D A

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3. Minutes of the last Meeting of the Governance Committee held on 7 March 2022 (Copy attached).	1
4. Internal Audit Annual Report - 2021/2022 Report of the Head of Internal Audit (copy attached).	7
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7. Authority's Status as a Going Concern Report of the Finance Director (copy attached).	61

8. **Annual Governance Statement 2021/2022**

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Joint report of the Chief Fire Officer/Chief Executive (Clerk to the Authority) (copy attached).

CHRIS LOWTHER
Chief Fire Officer/Chief Executive (Clerk to the Authority)

18 May 2022

Minutes of the meeting of the
GOVERNANCE COMMITTEE held
in the Fire and Rescue Service
Headquarters, Barmston Mere on
Monday 7 March 2022 at
10.30am.

Present:

Item 3

Mr G N Cook in the Chair

Councillors Bell, Keegan and Flynn together with Mr M Knowles.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Burdis and Ord together with Miss Goodwill.

Declarations of Interest

There were no declarations of interest.

Minutes

38. RESOLVED that the minutes of the meeting of the Governance Committee held on 29 November 2021 were agreed as a correct record.

Corporate Governance Action Plan 2021/2022 Update

The Chief Fire Officer/Chief Executive (the Clerk to the Authority) and the Finance Director submitted a joint report presenting a progress update against the 2020/2021 corporate governance action plan, which formed part of the Authority's Annual Governance Statement (AGS) 2020/2021. The AGS was presented to Members on 28 June 2021 and approved by the Fire Authority on 12 July 2021.

DCFO Heath advised that during the 2020/2021 annual governance review, eight improvement actions had been identified for progression and were incorporated into the corporate governance action plan. There were a total of 15 improvement actions for completion during 2021/2022 with seven of these having been advanced from previous years.

Appendix A to the report set out each of the corporate governance actions with an update and the status marked as either complete, part complete and not yet complete. Ten of the 15 actions were complete during 2021/2022 and the remaining actions would be rolled forward into 2022/2023.

The Committee were advised that all of the actions were being progressed and it was highlighted that the Business Improvement Department had conducted evaluations to confirm that the actions completed during 2021/2022 had been achieved.

Mr Knowles was impressed with the level of assurance shown in the report and he noted that it would be good to see the actions around the provision of anti-fraud and bribery training and the Information Asset Register being completed by May.

DCFO Heath commented that in the last year a specific role of Corporate Governance Adviser had been established and part of that role was to reframe the training which was being carried out and strengthening this position. Area Manager Clark added that the training for Members was a 'top-up' as they would already receive anti-fraud training in their own authorities.

Having given the report due consideration, it was: -

39. RESOLVED that: -

- (i) the content of the report be noted; and
- (ii) further reports be received as appropriate.

Internal Audit Plan Report – 2022/2023

The Head of Internal Audit submitted a report enabling the Committee to consider and comment on the proposed Internal Audit Plan for 2022/2023.

The Head of Internal Audit advised that the Plan covered the key risk areas of the business over a three year period and the scope of the work was driven by an assessment of risk in consultation with the Chief Fire Officer and Finance Director. There was also contingency time built in for any unplanned work and follow up.

The planned audits for 2022/2023 were: -

- Business Continuity Arrangements
- Partnership Working
- Financial Management/Fraud and Corruption
- Service/Business Planning and IRMP
- Information Governance

In addition to this there would be some audit work on the Lead Authority's key financial systems and a draft report and, if necessary, a proposed action plan would be forwarded to the appropriate manager at the conclusion of each audit. The Chief

Fire Officer and the Governance Committee would be updated on progress against the audit plan approximately halfway through the year.

The Key Performance Indicators which would be used to measure the performance of the service throughout the year were attached at Appendix 2 of the report.

The Chair noted that Business Continuity was a very important area of work and would be interested to see the outcome of that audit which was scheduled for quarter 1.

40. RESOLVED that the proposed Internal Audit Plan be noted.

Auditors Annual Report 2020/2021

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Finance Director submitted a joint report detailing the Auditors Annual Report for 2020/2021 which had been issued by the External Auditors, Mazars LLP.

Joanne Greener from Mazars was in attendance to present the report and in doing so advised that the Annual Report had replaced the Annual Audit Letter and the purpose of the report was to communicate key issues arising from the auditor's work to the audited body and key external stakeholders.

The Auditors Annual Report (AAR) provided the findings of the 2020/2021 audit which had comprised an audit of the Authority's financial statements and a detailed assessment of the Authority's arrangements to achieve Value for Money in the use of its resources.

The Committee were reminded that there had been a few matters outstanding at the last meeting but an unqualified audit opinion had been issued on 9 December 2021.

The AAR provided a narrative on the Value for Money arrangements under the three main reporting criteria of Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness. There were no risk of significant weaknesses or actual significant weaknesses identified by this work and the Auditors had not been required to exercise any of their statutory reporting powers.

Group instructions on the Whole of Government Accounts was awaited from the National Audit Office and the audit could not be formally concluded until these instructions were received. The fees for the 2020/2021 audit had not yet been finalised but would be discussed with the Finance Director and would be subject to PSAA approval.

The Chair congratulated the service on such a positive report and Mr Knowles added that the management team deserved credit for achieving a great report whilst dealing with the challenges of the last year.

41. RESOLVED that the report be noted.

Treasury Management Policy and Strategy 2022/2023, including Prudential 'Treasury Management' Indicators for 2022/2023 to 2025/2026

The Finance Director submitted a report to inform the Committee on the Treasury Management Policy and Strategy (including both borrowing and investment strategies) proposed for 2022/2023 and to note the Prudential 'Treasury Management' Indicators for 2022/2023 to 2025/2026 and to provide comments to the Authority on the proposed policy and indicators where appropriate.

Members were reminded that the Local Government Act 2003 required the Authority to:

- 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential Indicators (including specific Treasury Management Indicators) for a minimum period of three years to ensure that the Authority's capital investment plans were affordable, prudent and sustainable. These were detailed at Appendix 1;
- adopt a Treasury Management Policy Statement (detailed in Appendix 2); and
- to set out its Treasury Management Strategy Statement comprising the Authority's strategy for borrowing and the Authority's policies for managing its investments and giving priority to the security and liquidity of those investments (set out in Appendix 3).

The Finance Director advised that there were no major changes being proposed to the overall Treasury Management Strategy in 2022/2023, which maintained the careful and prudent approach adopted by the Authority in previous years. Areas that informed the strategy included the extent of potential borrowing included in the Authority's capital programme, the availability of borrowing, and the current and forecast world and UK economic positions, in particular forecasts relating to interest rates and security of investments.

The Authority's treasury management practices were subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapted to changing financial markets as appropriate so that the Lead Authority, on behalf of the Authority, could take a view on the optimum time to carry out further borrowing or debt rescheduling.

Members were referred to Page 54 of the agenda and were advised that the Authorised Limit for External Debt for 2022/2023 had been set £52,826,000, therefore the Authority could not exceed this limit. In addition to this, the Operational Boundary for External Debt had been set at £47,816,000. Members were advised that these limits acted as an early warning and it was not anticipated that levels would reach anywhere near the boundaries.

The Treasury Management Statement was affirmed on an annual basis and there had been no change from the previous year's statement and this was based on low risk and prioritising the security of investments.

The Finance Director highlighted to Members that interest rates had recently increased to 0.5% having been 0.1% at the start of the pandemic. Inflation was running higher than expected and these changes were good news for savers but bad news for lenders. There was no rush for the Authority to borrow at the present time and reserves were fully committed to the Capital Programme. Treasury management in the Authority was strong and the aim was to maintain the existing careful and prudent approach whilst supporting an ambitious but affordable Capital Programme.

42. RESOLVED that:-

- (i) The proposed Annual Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Investment Strategies) be noted and endorsed; and
- (ii) The draft Prudential 'Treasury Management' Indicators 2022/2023 to 2025/2026 be noted and endorsed.

(Signed) G N COOK
Chair

TYNE AND WEAR FIRE AND RESCUE AUTHORITY **Item No: 4**

GOVERNANCE COMMITTEE MEETING: 27 May 2022

SUBJECT: INTERNAL AUDIT ANNUAL REPORT – 2021/2022

REPORT OF THE HEAD OF INTERNAL AUDIT

1. Purpose of Report

1.1 To consider the performance of Internal Audit for 2021/2022, areas of work undertaken and the internal audit opinion regarding the adequacy of the overall system of internal control within the Tyne and Wear Fire and Rescue Service.

2. Description of Decision

2.1 The Governance Committee is asked to consider and note the Internal Audit Annual Report.

3. Key Performance Indicators (KPIs)

3.1 The Internal Audit service measures its performance in terms of Efficiency, Quality and Client Satisfaction. Performance during the year is shown in Appendix 1. Where possible, performance specifically relating to the Fire and Rescue Service is included. All KPIs for 2021/22 were achieved.

4. Summary of Internal Audit Work

4.1 The findings of the 2021/22 audits have been taken together with the findings of audits from the previous two years to form an opinion on each of the identified key risk areas, and an opinion on the adequacy of the overall system of internal control for the Authority. The detailed analysis of these opinions is provided at Appendix 2.

4.2 As a result of the audits carried out, a number of actions have been agreed to improve internal control. The numbers of actions agreed are shown below:

Categorisation of Risk	Definition	Number of Actions
High	A fundamental control weakness which presents material risk to the audited body and requires immediate attention by senior management.	0

Categorisation of Risk	Definition	Number of Actions
Significant	There is a control issue which could have a significant impact on the achievement of the aims and objectives of the organisation, or which presents a significant risk to the organisation's reputation. Prompt management action is required to remedy the situation.	0
Medium	There is a control weakness within the system, which presents material risk to the area or service being audited, and management attention is required to remedy the situation within a reasonable period.	12
Low	There is a minor control weakness or non-compliance within the system and proportional remedial action is required within an appropriate timescale.	8

4.3 The work undertaken did not identify any matters material to the overall internal control environment of the service.

5. Compliance with the Public Sector Internal Audit Standards

5.1 Internal Audit continues to comply with the Public Sector Internal Audit Standards through the standards being built into audit working practices. This was confirmed during a review of Internal Audit by the external auditors, Mazars in December 2018.

6. Conclusions

6.1 This report provides assurance that sufficient audit work was completed within the year to enable an opinion on the service's internal control environment, with no high or significant risk issues being identified.

6.2 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.

Background Papers

Internal Audit Plan 2021/2022 - Governance Committee 8th March 2021.

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2021/22			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Progress
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified.	1) All key risk areas covered over a 3 year period	1) Achieved
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%	2) Achieved (100%)
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 85%	3) Achieved (100%)
Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance.	1) Opinion of External Auditor	1) Satisfactory opinion	1) Achieved
2) To ensure recommendations made by the service are agreed and implemented.	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	2) 100% for high and significant. 90% for medium risk	2) High and significant – Achieved (100%) Medium – Achieved (96%)
Client Satisfaction			
Objectives	KPI's	Targets	Progress
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	1) Achieved (Average score for last 12 months is 1.0)
	2) Results of other Questionnaires	2) Results classed as 'Good'	2) None undertaken
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	3) No compliments or complaints received

Internal Audit Coverage

Key Risk Area	Audits undertaken 2021/22	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	2021/22 Audit Opinion / Assurance	Overall Opinion from Previous 3 years work
Corporate Governance	Corporate Governance Arrangements.	Procurement - Substantial		Corporate Governance Arrangements - Substantial	Substantial
Service / Business Planning, IRMP	No audit work planned.	IRMP - Substantial			Substantial
Financial Management	Financial transaction testing on payroll and accounts payable. Review of the reserves strategy.	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Financial Transactions Testing on Payroll and Accounts Payable – Substantial Business Development/Income Generation - Substantial	Financial Transactions Testing on Payroll and Accounts Payable – Substantial Reserves Strategy – Substantial	Substantial
Risk Management	No audit work planned.	IRMP - Substantial			Substantial
Procurement and Contract Management	No audit work planned.	Review of the contract management arrangements for a sample of key contracts – Substantial Procurement - Substantial	Contract Management Arrangements, PFI Buildings - Moderate		Substantial

Key Risk Area	Audits undertaken 2021/22	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	2021/22 Audit Opinion / Assurance	Overall Opinion from Previous 3 years work
Human Resource Management	No audit work planned.	Managerial Assessment Programme - Substantial	Workforce Planning - Substantial		Substantial
Asset Management	No audit work planned.	Asset Management - Substantial	Contract Management Arrangements, PFI Buildings - Moderate		Substantial
ICT	No audit work planned.		ICT Systems Development - Substantial		Substantial
Fraud and Corruption	Financial transaction testing on payroll and accounts payable.	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Substantial
Information Governance	Compliance with the General Data Protection Regulation.	Compliance with General Data Protection Regulation – Substantial	Compliance with General Data Protection Regulation - Substantial	Compliance with General Data Protection Regulation - Moderate	Substantial
Business Continuity & Contingency Planning	No audit work planned.	Business Continuity Planning - Substantial			Substantial

Key Risk Area	Audits undertaken 2021/22	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	2021/22 Audit Opinion / Assurance	Overall Opinion from Previous 3 years work
Performance Management	Performance management arrangements.			Performance Management Arrangements – Substantial	Substantial
Payroll	Financial Transactions Testing on Payroll.	Financial Transactions Testing on Payroll - Substantial	Financial Transactions Testing on Payroll - Substantial	Financial Transactions Testing on Payroll - Substantial	Substantial
Partnership Working	No audit work planned.	Review of the contract management arrangements for a sample of key contracts – Substantial			Substantial
Project Management	Project management arrangements.			Project management arrangements - Moderate	Moderate

SUBJECT: AUDIT STRATEGY MEMORANDUM 2021/2022

REPORT OF THE FINANCE DIRECTOR

1.0 Purpose of the report

- 1.1 This report details the external auditors Audit Plan which notifies the Authority of the work that they are proposing to undertake in respect of the audit of the financial statements and the value for money conclusion for the financial year 2021/2022.

2.0 Audit Strategy 2021/2022

- 2.1 The attached Memorandum advises on the scope and approach of the auditors work together with the updated scale fee for the 2021/2022 audit.
- 2.2 The audit scale fees have been maintained at £23,590 for the 2021/2022 audit, which is the same level set for the two previous years and are in accordance with those determined by Public Sector Audit Appointments Ltd (PSAA). However Mazars have had to carry out additional work to complete their audits in the past few years and an additional fees have had to be charged in addition to the scale fees agreed. Section 6 of the report details the fees to be charged for 2021/22 of £37,925 compared to those fees charged for 2020/21 of £39,994. Most of the increased charges relate to recurring additional work in respect of more regulatory aspects in respect of pension disclosures and asset valuations. The fees also reflect the additional work in satisfying the revised and more detailed approach required to audit and report on the Authority's value for money arrangements introduced from 2020/21.

There was an expectation that external audit fees would need to increase generally as both the PSAA and the Redmond Review acknowledged that current scale fees were underestimated based on the fact external auditing work had increased and that there were also fewer accountancy firms actively involved in the public sector market. This was also reflected by the Chancellor where he announced £15m would be made available for public sector bodies to help meet anticipated increased costs of external audit resulting from recommendations from the Redmond Review. The Authority was notified recently that it would receive £12,161 towards the cost of the 2021/22 audit which is welcomed. In addition the government also announced in the 2022/23 Finance Settlement a package of measures to improve the timely completion of local audits, including £45 million additional funding over the next 3 years to support local councils with increased costs relating to new audit requirements. These measures it claimed

will help improve transparency and accountability in councils and other authorities.

- 2.3 The Audit Strategy identifies the specific areas for the planned audit work based upon a risk assessment process and also includes their views on key judgements used within the financial statements and for the Value for Money conclusion. The Memorandum document sets out the key significant risk areas that have been identified for 2021/2022 and are detailed in Section 4 for the Financial Statements and in Section 5 for the Value for Money Conclusion. All identified risks have been discussed with senior officers and are viewed as typical for an organisation of this size and type.
- 2.4 The document also sets out the protocol the auditors will follow in completing their planned work by providing an audit timeline of key phases of their work and also sets out their proposed methods of communication at each stage.
- 2.5 The Memorandum also sets out in Section 8 the materiality levels that will be applied to the audit work for 2021/2022 for member's information.
- 2.6 The auditors will be in attendance to outline the content of the document and to answer any questions.

3.0 Recommendation

- 3.1 The Committee is recommended to note the contents of this report.

Audit Strategy Memorandum

Tyne and Wear Fire and Rescue
Authority

Year ending 31 March 2022



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- 06** Fees for audit and other services
- 07** Our commitment to independence
- 08** Materiality and misstatements

Appendix – Key communication points

This document is to be regarded as confidential to Tyne and Wear Fire and Rescue Authority. It has been prepared for the sole use of the Governance Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Members of the Governance Committee
Tyne and Wear Fire and Rescue Authority
Tyne and Wear Fire and Rescue Service Headquarters
Nissan Way
Sunderland
Tyne and Wear
SR5 3QY

May 2022

Dear Members

Audit Strategy Memorandum – Year ending 31 March 2022

We are pleased to present our Audit Strategy Memorandum for Tyne and Wear Fire and Rescue Authority for the year ending 31 March 2022. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Tyne and Wear Fire and Rescue Authority which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07813 752053.

Yours faithfully

Cameron Waddell
Mazars LLP

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Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: 839 8356 73

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01

Section 01:

Engagement and responsibilities summary

1. Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Tyne and Wear Fire and Rescue Authority (the Authority) for the year to 31 March 2022. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or the Governance Committee, as those charged with governance, of their responsibilities.

The Finance Director is responsible for the assessment of whether it is appropriate for the Authority to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the Finance Director's use of the going concern basis of accounting in the preparation of the financial statements.

Value for money

We are also responsible for forming a commentary on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



Fraud

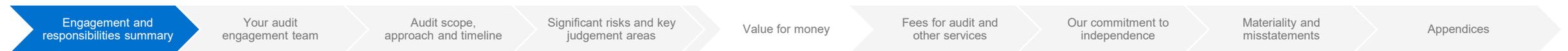
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Authority's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom



02

Section 02:

Your audit engagement team

2. Your audit engagement team



Cameron Waddell
Partner and Engagement Lead
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Joanne Greener
Manager
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Thomas Backhouse
Assistant Manager
Thomas.Backhouse@mazars.co.uk
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03

Section 03:

Audit scope, approach and timeline

3. Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

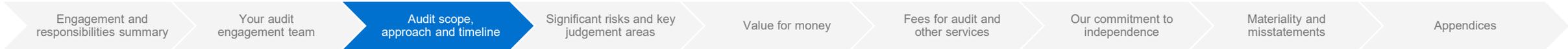
Audit approach

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



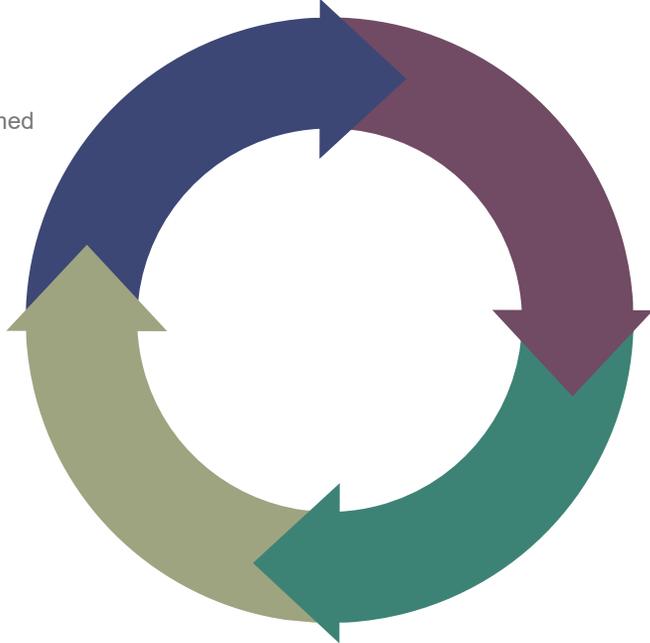
3. Audit scope, approach and timeline

Planning March 2022

- Planning visit and developing our understanding of the Authority
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Completion November 2022

- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Governance Committee
- Reviewing subsequent events
- Signing the auditor's report

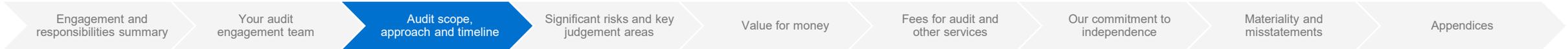


Interim March to June 2022

- Documenting systems and controls
- Performing walkthroughs
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

Fieldwork October to November 2022

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting



3. Audit scope, approach and timeline

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management’s and our experts

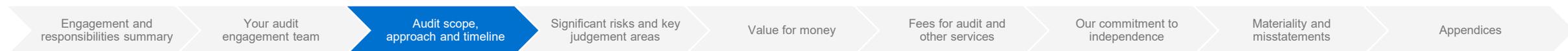
Management makes use of experts in specific areas when preparing the [Authority]’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Pensions - Defined benefit pension assets and liabilities - Firefighters’ pension scheme: defined benefit liability	- Aon Hewitt (Actuary) - Government Actuary’s Department (GAD)	PWC, consulting actuary, on behalf of the National Audit Office (NAO)
Property, plant and equipment valuation	External valuer – provided by Sunderland City Council	Gerald Eve, consulting valuer, on behalf of the NAO

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the [Authority] that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Authority and our planned audit approach.

Items of account	Service organisation	Audit approach
All: financial services, provision of key financial systems and IT services. Systems provided for the Authority include: - general ledger - payroll; - accounts payable and accounts receivable; and - treasury management.	Sunderland City Council	We have sufficient access to officers and systems, along with all of the relevant financial information, to conduct our audit of Tyne and Wear Fire and Rescue Authority.
Firefighters’ Pension Fund Account – benefits payable (including calculation of any lump sums)	West Yorkshire Pension Fund (WYPF)	We have sufficient access to WYPF in order to conduct our audit



04

Section 04:

Significant risks and other key judgement areas

4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

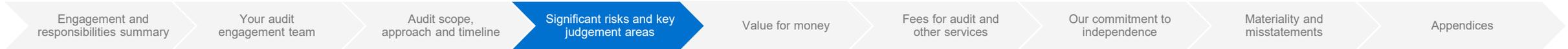
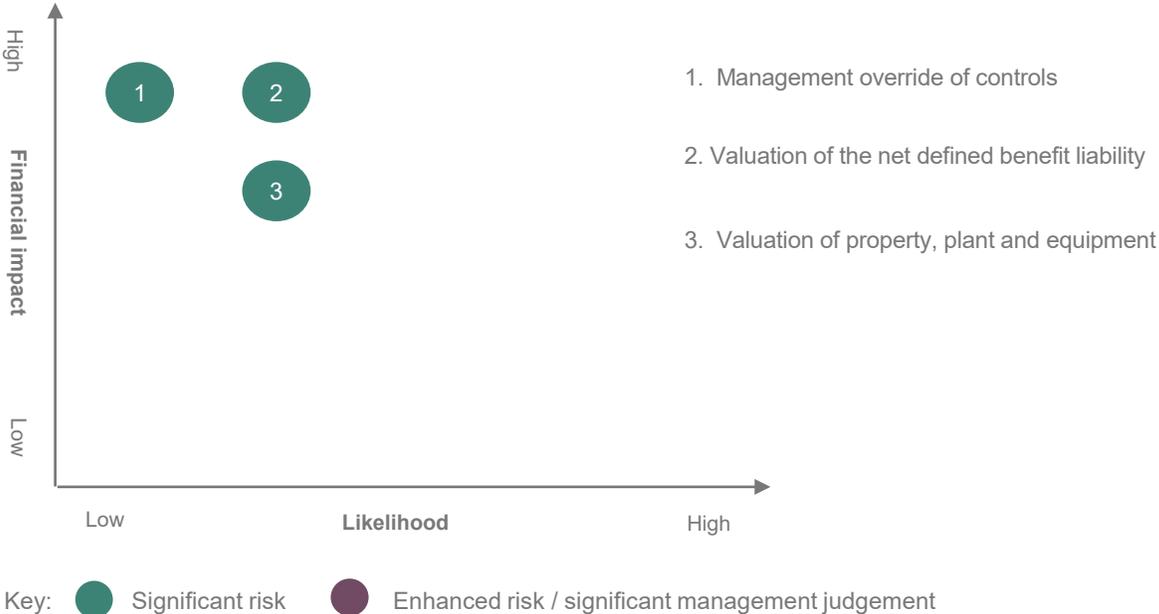
- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Authority. We have summarised our audit response to these risks on the next page.



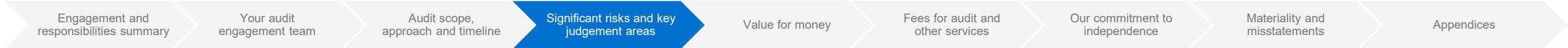
4. Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Governance Committee.

Significant risks

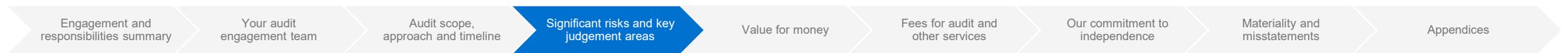
	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



4. Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Net defined benefit liability valuation</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	○	●	●	<p>In relation to the valuation of the Authority’s defined benefit pension liability we will:</p> <ul style="list-style-type: none"> • Critically assess the competency, objectivity and independence of the Tyne and Wear Pension Fund’s Actuary, and the Firefighters Pension Scheme Actuary, the Government Actuary Department (GAD); • Liaise with the auditors of the Tyne and Wear Pension Fund to obtain confirmation that the controls are designed and implemented appropriately. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; • Review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; • Agree the data in the IAS 19 valuation reports provided by the Funds’ Actuaries for accounting purposes to the pension accounting entries and disclosures in the Authority’s financial statements;
3	<p>Valuation of property, plant and equipment</p> <p>The financial statements contain material entries on the balance sheet as well as material disclosure notes in relation to the Authority’s holding of Property, Plant and Equipment (PPE).</p> <p>The Authority employs a valuation expert to provide information on valuations, however there remains a high degree of estimation uncertainty associated with the (re)valuations of PPE due to the significant judgements and number of variables involved.</p>	○	●	●	<p>We will evaluate the design and implementation of any controls which mitigate the risk. This includes liaising with management to update our understanding on the approach taken by the Authority in its valuation of land and buildings. We will:</p> <ul style="list-style-type: none"> • assess the scope and terms of engagement with the Valuer; • assess the competence, skills and objectivity of the Valuer; • assess how management use the Valuer’s report to value land and buildings included in the financial statements; • test the accuracy of the data used in valuations; • challenge the Authority’s and Valuer’s assumptions and judgements applied in the valuations; • review valuation methodology used, including the appropriateness of the valuation basis; and • consider the reasonableness of the valuation by comparing the valuation output with market intelligence.



05

Section 05:

Value for money

5. Value for money

The framework for Value for Money work

We are required to form a view as to whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

2021/22 will be the second audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Authority has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Authority's arrangements in the Auditor's Annual Report.

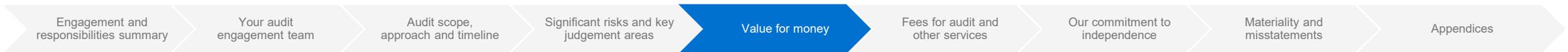
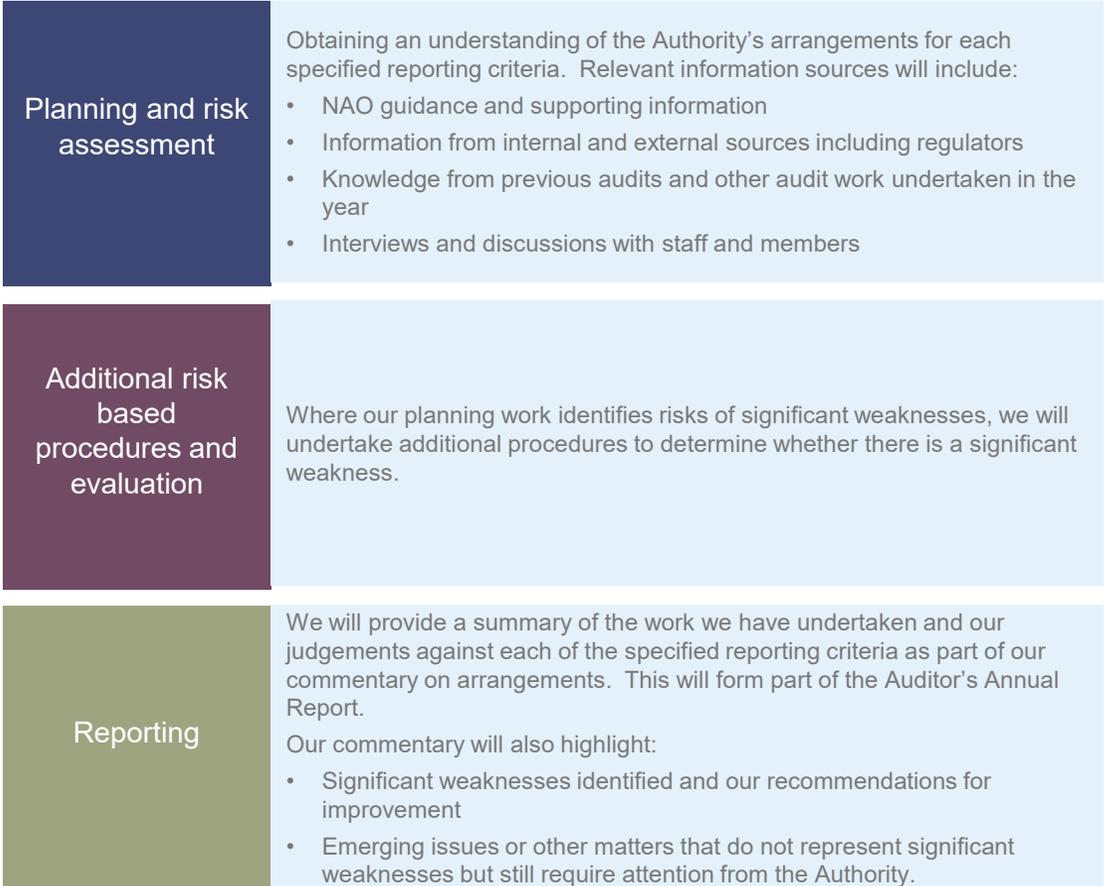
Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Authority plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Authority ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Authority uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Authority's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Authority and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

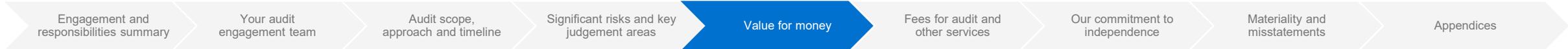


5. Value for money

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Authority's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Our planning and risk assessment work is currently ongoing and we have not identified any significant weaknesses to date. We will report any further identified risks to the Governance Committee on completion of our planning and risk identification work.



06

Section 06:

Fees for audit and other services

6. Fees for audit and other services

Fees for work as the Authority's appointed auditor

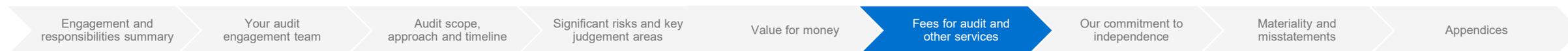
At the Governance Committee on 7 March 2022, we explained that there would be additional recurring fees in respect of regulatory pressures and the additional work required under the new Code from 2020/21 onwards in relation to our value for money work. We set value for money fees at the minimum of the range in Public Sector Audit Appointments Limited's (PSAA) consultation document. The additional fee for 2020/21 is still subject to consideration and approval by PSAA. We have included a breakdown of the additional fees in the table below for transparency.

At this stage we are not proposing any fee increase in 2021/22 from our final fees for 2020/21. All fees are excluding VAT.

Area of work	2021/22 Proposed Fee	2020/21 Actual Fee
Code Audit Work – scale fee	£23,590	£23,590
Recurring increases in the base audit fee arising from regulatory pressures (recurring)	£7,375	£7,375
Additional fees in respect of new ISA540 requirements in relation to Accounting Estimates and related disclosures (recurring)	£1,900	£1,900
Additional fees in respect specific matters identified as part of audit (non-recurring)	-	£2,069
Additional fees in respect of the new VFM approach (recurring)	£5,060	£5,060
Total Fees	£37,925	£39,994

Fees for non-PSAA work

At this stage, there is no non-PSAA work that we have been separately engaged by the Authority to carry out. Before agreeing to undertake any additional work, we would consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.



07

Section 07:

Our commitment to independence

7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Authority to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

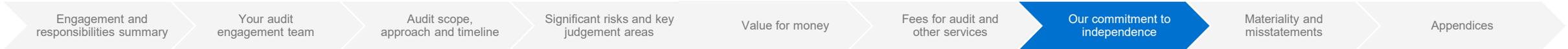
- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Cameron Waddell in the first instance.

Prior to the provision of any non-audit services Cameron Waddell will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



08

Section 08:

Materiality and misstatements

8. Materiality and misstatements

Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	1,235
Performance materiality	926
Specific materiality	
- Officers remuneration (25% of total)	TBC
- Officers remuneration (bandings table)	5
- Members' Allowances (25% of total)	TBC
- Exit Packages (termination benefits – 25% of total)	TBC
Trivial threshold for errors to be reported to the Governance Committee	37

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

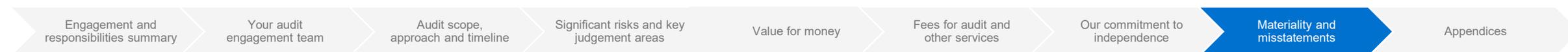
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of 2020/21 gross expenditure at the surplus/deficit on the provision of services level. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Governance Committee.

We consider that the gross expenditure at the surplus/deficit on the provision of services level remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



8. Materiality and misstatements

Materiality (continued)

We expect to set a materiality threshold at 2% of gross expenditure at the surplus/deficit on the provision of services level . Based on the 2020/21 audited financial statements, we anticipate the overall materiality for the year ending 31 March 2022 to be in the region of £1.235m (£1.320m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 75% of overall materiality as performance materiality.

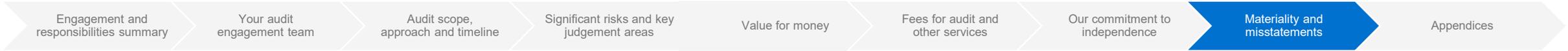
Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Governance Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £37k based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Cameron Waddell.

Reporting to the Governance Committee

The following three types of audit differences above the trivial threshold will be presented to the Governance Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





Appendix: Key communication points

Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

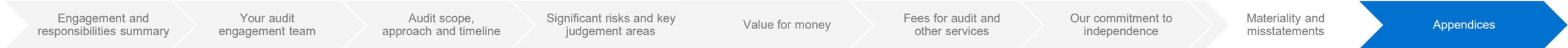
Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;

- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



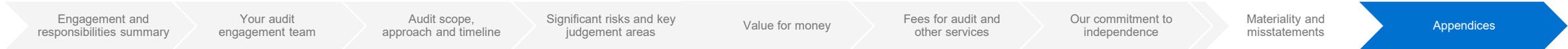
Appendix: Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • enquiries of the Governance Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Governance Committee, Audit planning and clearance meetings

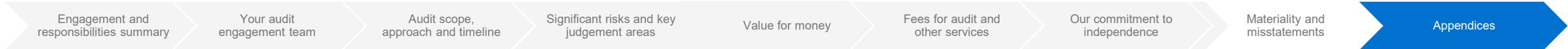
Appendix: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • non-disclosure by management; • inappropriate authorisation and approval of transactions; • disagreement over disclosures; • non-compliance with laws and regulations; and • difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Governance Committee in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during the audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>



Appendix: Key communication points

Required communication	Where addressed
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance Committee may be aware of.</p>	<p>Audit Completion Report and the Governance Committee meetings</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • whether the events or conditions constitute a material uncertainty; • whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • the adequacy of related disclosures in the financial statements. 	<p>Audit Completion Report</p>
<p>Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods</p>	<p>Audit Completion Report</p>
<p>Indication of whether all requested explanations and documents were provided by the entity</p>	<p>Audit Completion Report</p>



Cameron Waddell

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

SUBJECT: THE CIPFA FINANCIAL MANAGEMENT CODE

REPORT OF THE FINANCE DIRECTOR

1. Purpose of the Report

- 1.1 To provide Governance Committee with information about the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code (FM Code) and how the Authority complies with these standards.

2. Background Information

- 2.1 The CIPFA FM Code was designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 2.2 The FM Code was introduced because of the exceptional financial circumstances faced by local authorities which have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future within existing funding levels.
- 2.3 The FM Code sets, for the first time, the standards of financial management for local authorities. In recognising that one of the strengths of UK local government is its diversity, with authorities varying by size and type and organisational culture and having differing requirements in relation to reliance on local tax income or the scope to utilise additional grant or in generating trading income, the code is not prescriptive.
- 2.4 The FM Code is based on a series of principles by which authorities should be guided in managing their finances and is supported by specific standards which are considered necessary to provide a strong foundation to:
- manage the short, medium, and long-term finances of a local authority
 - manage financial resilience to meet unforeseen demands on services
 - manage unexpected shocks in their financial circumstances.
- 2.5 The FM Code is designed to be flexible in respect of the nature, needs and circumstances of individual authorities. It is up to each authority therefore to determine the extent to which it complies with the FM Code and to identify

what action it may wish to take to better meet the standards that the FM Code provides.

- 2.6 Each local authority must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the chief finance officer (CFO) and their professional colleagues in the leadership team. It is for all of the senior management team to work with elected members in ensuring compliance with the FM Code and to demonstrate that the standard of financial management to be expected of a local authority is being delivered. In doing this the statutory role of the Section 151 (S151) officer will not just be recognised but also supported in order to achieve the combination of leadership roles essential for good financial management to be effective.
- 2.7 Whilst CIPFA has provided leadership, the development of the FM Code reflects a recognition that self-regulation by the local authority sector must be the preferred response to the financial management failures that have the potential to damage the reputation of the sector as a whole. The FM Code has sought therefore to rely on the local exercise of professional judgement backed by appropriate reporting within each authority.
- 2.8 The FM Code builds on established CIPFA Prudential and Treasury Management Codes which require local authorities to demonstrate the long-term financial sustainability of their capital expenditure, associated borrowing and investments.
- 2.9 The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. The FM Code acknowledges that good financial management is proportionate to the risks to the Authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services. The FM Code identifies these risks to financial sustainability and introduces an overarching framework of assurance which builds on existing best practice but for the first time sets explicit standards for financial management.

3. Requirements of the Financial Management Code

- 3.1 The underlying principles that inform the FM Code have been developed in consultation with senior practitioners from local authorities and associated stakeholders.
- 3.2 There are six key principles that have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable. These principles are the benchmarks against which all financial management will be judged, and it is CIPFA's view that all financial management practices should comply with the key principles set out below:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- **Financial management is undertaken with transparency at its core** using consistent, meaningful, and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- **Adherence to professional standards** is promoted by the leadership team and is evidenced.
- **Sources of assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- **The long-term sustainability of local services is at the heart of all financial management processes** and is evidenced by prudent use of public resources.

3.3 To enable authorities to test their conformity with the CIPFA Statement of Principles of Good Financial Management, the FM Code translates these six key principles into seventeen Financial Management Standards. These Financial Management Standards have different practical applications according to the different circumstances of each authority and their use should therefore reflect this. The principle of proportionality is embedded within the FM Code and reflects a non-prescriptive approach.

3.4 The purpose of the FM Code itself is to establish the principles in a format that matches the financial management cycle and supports governance in local authorities. A series of Financial Management Standards set out the professional standards needed if a local authority is to meet the minimum standards of financial management acceptable to meet fiduciary duties to taxpayers, customers and lenders. Since these are minimum standards, it is CIPFA's judgement that compliance with them is obligatory if a local authority is to meet its statutory responsibility for sound financial administration. Beyond that, CIPFA members must comply with it as one of their professional obligations. It is implied therefore that the S151 officer as such will be key in demonstrating compliance to the FM Code on behalf of the Authority.

3.5 The FM Code thus identifies the following seventeen standards which must be adhered to as follows:

- The leadership team is able to demonstrate that the services provided by the authority provide value for money;

- The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016);
- The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control;
- The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016);
- The financial management style of the authority supports financial sustainability;
- The authority has carried out a credible and transparent financial resilience assessment;
- The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members;
- The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans;
- The authority complies with its statutory obligations in respect of the budget setting process;
- The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves;
- The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget;
- The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions;
- The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability;
- The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability;
- The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom;
- The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.

4. Compliance with the Financial Management Code

- 4.1 It is a requirement of the FM Code that each local authority must demonstrate that the requirements of the code are being satisfied and whilst CIPFA has provided leadership, the development of the FM Code reflects a recognition that self-regulation must be the preferred response to financial management failures that have the potential to damage the reputation of the sector as a

whole. The FM Code has sought therefore to rely on the local exercise of professional judgement backed by appropriate reporting.

- 4.2 A detailed review has been undertaken and concluded that the Authority's arrangements comply with CIPFA's FM Code. The results of the detailed assessment are summarised in Appendix 1 for information.

5. Equality and Diversity Implications

- 5.1 There are no Equality and Diversity implications in respect of this report.

6. Financial Implications

- 6.1 Adherence to the FM Code does not in itself, have any financial implications.

7. Health and Safety Implications

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

8. Recommendation

- 8.1 Members are requested to note the report and that the Authority fully complies with the requirements of the FM Code.

Level of Compliance with the CIPFA FM Code

	Description of the Standard		Assessment of Current Position	Actions
Responsibilities of the Leadership Team and Chief Financial officer				
A	The Leadership Team is able to demonstrate that the services provided by the Authority provide value for money (VFM).	Strong	<p>Value for Money is assessed as part of the external audit process, which has not identified any areas of concern based on the more detailed VFM assessment criteria.</p> <p>Business cases for large capital projects, such as SHQ relocation, are reviewed by Executive Leadership Team and Members as appropriate. The MTFs and Budget is agreed in February, and performance against budget and savings target is regularly reported to Principal Officers / ELT / SLT and Members</p> <p>Blue light collaboration is monitored and reported to members, including site sharing at all of our properties / sites. Third party collaboration is also important to the Authority as it has a number of arrangements which also generate income with valued partners. Appropriate use of national and regional procurement contracts can be evidenced</p>	None
B	CIPFA Statement on the Role of the Chief Finance Officer in Local Government	Strong	<p>The Finance Director is the Section 151 Officer and Chief Financial Officer. The post is a key member of the Executive Leadership Team and meets with the other Principal Officers and Executive Leaders of the Authority and with relevant Members on a regular basis to discuss all matters pertaining to the financial management of the Authority. The FD reports to the Chief Fire Officer and directly to members as required in accordance with Role of the Chief Financial Officer</p> <p>All Fire Authority reports are sighted and agreed by the Chief Finance Officer prior to submission.</p> <p>The Finance Team consists of 4 FTE officers, comprising 2 fully qualified accountants, 1 fully qualified AAT, and 1 staff member who is studying AAT. All officers are offered continued professional development The Authority also subscribes to CIPFA to access additional professional expertise and advice in relation to mainly technical accounting, Treasury Management, Financial Management and taxation matters.</p> <p>The Authority has in addition an SLA with Sunderland City Council to provide specialist Treasury Management, access to their SAP financial system, legal advice and an Internal audit service where it is more economical and effective to do so, which is kept under continual review.</p>	None

Governance and Financial Management Style				
C	The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	Strong	<p>The Authority has an approved Scheme of delegation, Financial Regulations and Contract Standing Orders, as well as Constitutional Standing orders.</p> <p>Job descriptions and the job evaluation system recognise management of resources as a key responsibility. This is assigned at a level so that service delivery and budget can be aligned.</p> <p>The roles of the Head of Paid Service and Monitoring Officer are clearly defined in the Authority's Constitution.</p> <p>The Terms of Reference for the Governance Committee cover the areas referenced.</p> <p>The Internal Audit Service has provided assurance over the effectiveness of the Authority's Governance arrangements and the system of Internal Control, through the provision of an annual assessment to assist in the production of the Annual Governance Statement.</p> <p>Regular review of corporate risks is undertaken by the ELT/ SLT and the Corporate Risk Register is regularly reviewed by ELT monthly and by Governance Committee.</p> <p>Meetings are regularly held between Officers and Members as appropriate.</p> <p>All External and Internal Audit and other third party inspections inform the Authority's Annual Governance Review.</p> <p>Independent external legal advice is provided by SCC under a SLA to ensure Authority service activities and actions stay within the law.</p> <p>The Authority operates within the latest Code of Conduct available for both members and officers.</p>	May need to strengthen member role?

D	The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	Strong	<p>The Authority prepares an Annual Governance Statement (AGS) in line with the framework within CIPFA's Local Code of Corporate Governance.</p> <p>The AGS is reviewed by the ELT and independently by our Internal and External auditors.</p> <p>Governance Committee provide important member scrutiny of the detailed work and arrangements in place in providing both the AGS and the evidence upon the effectiveness of the Authority's governance arrangements.</p> <p>The Authority also operates a Governance Board to ensure full compliance with the requirements of the Framework.</p>	None
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E	The financial management style of the Authority supports financial sustainability	Strong	<p>The Authority's Integrated Risk Management Plan/Annual Service Plans and MTFS set the strategic framework for the work and financial plans of the Authority and recognise the agreed corporate priorities and objectives.</p> <p>Budgets are prudent and sustainable to ensure that a balanced budget is maintained, and that in-year expenditure is matched by income from Council Tax, Business Rates, and grants from government.</p> <p>Council Tax increases are kept within the referendum limits, and preliminary assumptions regarding future year increases are set out within the MTFS.</p> <p>The uncertainties around future government funding (e.g. Future finance settlements, the Fair Funding Review and the future of Business Rates Retention) are recognised and reflected in the MTFS.</p> <p>Funding from reserves is used to support one-off investments or initiatives.</p> <p>Significant risks are identified, monitored, reported and mitigating actions identified to manage these.</p> <p>The Capital Programme is formally reported over a 4-year period but is planned longer term (in excess of 10 years).</p> <p>Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Authority.</p> <p>Regular meetings take place with Budget Holders / the executive Leadership Team to discuss current and future performance against budget.</p> <p>A Transformation and Reform reserve is held to support service transformation in all of its forms, particularly, all hazards approach, inclusion and digital and data transformation.</p>	None
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Long to Medium Term Financial Management				
F	The Authority has carried out a credible and transparent financial resilience assessment	Strong	<p>As part of the budget setting process the level of reserves are reviewed to ensure they are robust, in light of the assessment of financial risks that the Authority is exposed to.</p> <p>The budget papers outline the key assumptions regarding the revenue and capital budget. In line with the requirement of the Code of Practice these assumptions are prudent. Where budget risk is identified, reserves and other resources have been set aside to enable the Authority to set a robust and sustainable MTFS.</p> <p>The budget includes scenario planning to outline the impact of changes in key assumptions.</p>	None
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	Strong	<p>The MTFS covers 5 years and is included in the Annual Budget process, approved by the full Authority in February.</p> <p>The briefings and reports to Members are clear about medium-term budget risks and sustainability, including the effects of the budget plans on the level of reserves held.</p> <p>The Authority retains prudent levels of reserves to manage risks over the medium term as outlined in the budget papers.</p> <p>The capital plan covers 4 years and assists in delivering the Authority's key service delivery and corporate objectives, ensuring that capital investment is in line with priorities identified in asset management plans, meets statutory requirements and consider the future impact on revenue budgets</p>	Review in light of future Finance Settlement outcomes

H	The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	Strong	<p>Management of the Authority's debt is governed by the Treasury Management Strategy and Prudential Indicators which aim to ensure the Authority's capital expenditure plans are prudent, affordable and sustainable.</p> <p>Regular Treasury Management Reports are presented to the Governance Committee. The Authority's Treasury Management Strategy and Prudential Indicators comply with the requirements of the Prudential Code. Management meet with SCC Treasury Management representatives to discuss best options for investment of cash balances.</p>	None
I	The Authority has a rolling, multi-year medium-term financial plan consistent with sustainable service plans.	Strong	<p>The Authority has a 4-year indicative budget which underpins annual service planning, this is updated each financial year, and presented to members as part of the annual budget setting process.</p> <p>Updates on the latest information and assumptions in respect of funding, costs and risks are provided as appropriate.</p>	None

Annual Budget				
J	The Authority complies with its statutory obligations in respect of the budget setting process.	Strong	The Authority sets a balanced budget each year and complies with the requirement in relation to the S151 Officer statement (s25) on the robustness and sustainability of the budget. It follows a budget setting process that complies with best practice and all legal requirements.	None
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	Strong	The Authority complies with the requirement in relation to the S151 Officer statement (s25) on the robustness of the budget and the adequacy of reserves each year. The Authority has a Reserves Policy which it updates annually in line with its legal requirements and is reviewed regularly to ensure they are current and adequate for the financial risks identified. This is published on the Authority's website.	None
Stakeholder Engagement and Business Plans				
L	The Authority has engaged, where appropriate, with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.	Strong	Engagement with stakeholders takes place via the Authority's IRMP process, as well as appropriate consultation on key changes within the service such as its Response model or Service delivery reviews or Specialist provisions. The outcome of such reviews feed the budget setting process. Key stakeholders/partners are consulted as part of the annual budget setting process.	None
M	The Authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Strong	Major investment decisions are based on the evaluation and successful outcome of business cases. These are reviewed and approved by Senior Management, the Asset Management Group chaired by the S151 Officer and approved by full Fire Authority.	None
Monitoring Financial Performance				
N	The Leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Strong	Financial monitoring reports are presented at each Fire Authority meeting, these reports cover revenue and capital budget as well as performance against savings targets where appropriate. Where required they identify actions in order to bring the budget back into balance.	None

O	The Leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Strong	<p>Annual and Quarterly monitoring treasury management reports update on investments and debt to members of Governance committee and to Full Authority as required.</p> <p>Regular reviews of reserves are undertaken by the S151 Officer and reflected in the Authority's Reserves Policy published annually.</p> <p>All Balance Sheet items are reviewed annually by Finance / S151 Officer.</p> <p>All Contingent Liabilities are also updated and reviewed accordingly by the S151 Officer on behalf of the Authority.</p>	None
External Financial Reporting				
P	The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	Strong	<p>The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>This is specifically stated in the accounts that are signed by the S151 Officer annually.</p>	None
Q	The presentation of the final outturn figures and variations from budget allows the Leadership team to make strategic financial decisions	Strong	<p>The outturn report identifies key variances from budgets with appropriate explanations, and recommends action, in line with the in-year budget monitoring process.</p> <p>Members receive reports on budget variations and actions throughout the year and make recommendations as necessary</p> <p>A reconciliation to the Comprehensive Income and Expenditure Statement is provided in the statement of accounts to link the statutory accounts to the information provided to the Fire Authority and Governance Committee (which separately approves the Statement of Accounts on behalf of the Authority).</p>	None

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No: 7

GOVERNANCE COMMITTEE MEETING: 27 MAY 2022

SUBJECT: AUTHORITY'S STATUS AS A GOING CONCERN

REPORT OF THE FINANCE DIRECTOR

1. Purpose of the Report

- 1.1 The purpose of this report is to consider the Authority's status as a going concern and request that the Committee formally recognises this and furthermore recommends that this report is presented to full Authority for information.

2. Background

- 2.1 As Local Authorities are created and abolished only by statutory changes there is an underlying assumption in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting (Accounting Code) each year that their accounts will be prepared on a going concern basis.
- 2.2 Authorities are required by Section 32 of the Local Government Finance Act 1992 to set a balanced budget. However, financial pressures and uncertainty within the local government sector mean that the Chief Finance Officer (Section 151 officer) may need to consider whether action is required under Section 114 of the 1988 Act, where the Section 151 officer must report, following consultation with the Authority's Monitoring Officer, to all of the Authority's members if they believe expenditure is likely to exceed incoming resources in the current or in any future year.
- 2.3 This report outlines the assessment of this Authority's status as a going concern in line with best practice, which is now considered an annual requirement to reassure both members of the Authority and the external auditor of the Authority's continued status as a going concern.

3. Context

- 3.1 The provisions in the Accounting Code on the going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. The provisions confirm that local authorities have no ability to cease being a going concern as described by International Accounting Standard (IAS) 1 Presentation of Financial Statements. As local authorities cannot be dissolved without statutory prescription, it would not be appropriate for the Authority's financial statements to be prepared on any other basis than as a going concern.

- 3.2 Although the financial context continues to be challenging and uncertain the Authority has a track record of meeting its financial obligations and maintaining financial sustainability. Over at least the past 12 years the Authority has always delivered an outturn within its original budget. An Authority wide approach to the budget, which is service priority driven and over a medium-term planning horizon ensures that this continues to be the case.
- 3.3 The Annual Audit Letter from Mazars includes a value for money conclusion including rationale behind the judgement, which considers the identification, monitoring and achievement of savings and also includes their view on the sustainability of the Authority. The latest letter issued in relation to 2020/2021 concluded that the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources and had no issues to report on the Authority's sustainability position.

4. Current Position

Budgets 2021/22

- 4.1 Authority agreed the original revenue budget for 2021/22 on 15th February 2021. This was set at £48.542m. The revenue outturn position is to be reported in July for 2021/22, including any further transfers to and from reserves but based on the latest reported forecast presented to members in January 2022, the Authority was projecting a broadly neutral budget position after already taking into account an underspend of £0.703m in November 2021 which was reported to members who agreed to transfer £0.700m to the Transformation and Reform Reserve to help fund the Authority's TWFRS25 vision for the service from planned in-year budget reductions which were also inevitably impacted by the continuing impact of the COVID-19 pandemic.
- 4.2 The projected capital outturn position reported in January 2022 for 2021/22 also forecast an overall underspend of £0.347m when compared to the revised budget of £17.848m, although further reductions are envisaged. All schemes had 'slipped' to some degree mainly because of the continuing adverse impact of COVID-19. This will mean that most capital projects / schemes will be delivered later than planned but will still be completed as the capital programme is fully funded. The resources required to complete these projects will also be 'slipped' to match the revised programme.
- 4.3 Revenue and capital monitoring is reported on a quarterly basis to Authority in accordance with the budget cycle framework.

Audited Statement of Accounts 2020/21

- 4.4 The latest audited Statement of Accounts for 2020/21 shows the health of the Authority's Balance Sheet which covered the following key points:
- The general reserve has been maintained at a planned level of £3.943m and this represented 7.9% of the 2020/21 (£49.961m) revenue budget.

- Useable revenue reserves have increased by £4.968m to £40.739m as at 31 March 2021.
- Long Term Assets have increased from £77m to £81m mainly due to a combination of the addition of 14 new fire appliances and also an increase in the assets under construction.
- Current Assets have marginally increased from £52m to £53m mainly due to an increase in cash and cash equivalents.
- Current Liabilities have also reduced slightly from £11m to £10m mainly due to a reduction in grants received in advance.
- Long Term Liabilities have increased from £908m to £1,000m mainly as a result of an increase in pension liabilities.
- *Net Liabilities have increased from £790m to £876m.

**It should be noted that whilst the Authority shows a net liability or a negative net worth of £876.227m, most of the implied 'deficit' relates to the pensions deficiency of £966.910m which must be disclosed as part of the international financial reporting standard IAS19 (Accounting for Pensions) requirements.*

The fact that all pension costs would never be incurred in one year (as implied by IAS19), coupled with the fact that the Authority is addressing this potential deficiency over a 21 year period in accordance with pension regulatory requirements by making additional annual pension deficiency payments, means the Balance Sheet Net Worth is effectively being distorted by this reporting standard.

If this accounting requirement is removed, then the Authority has a 'real' net worth of £90.683m. The Authority has assets worth £80.993m and also cash backed reserves of £40.739m which further support the view that the Authority's Balance Sheet and finances are in fact healthier than implied by the published accounts which must comply with international reporting standards and is as such a going concern. This view is shared by our external auditor.

Reserves at 31st March 2021

- 4.5 A breakdown of the £40.739m revenue reserves as at 31 March 2021 is shown in the following table:

Reserves	£000s
General Fund	
General Fund Reserve*	(3,943)
Total General Fund Reserve	(3,943)
Earmarked Revenue Reserves	
Insurance Reserve*	(1,128)
Early Retirement Reserve*	(5)
PFI Smoothing Reserve*	(8,231)
Budget Carry Forward Reserve*	(3,269)

Medium Term Planning Reserve*	(3,444)
Capital Developments Reserve*	(9,026)
Transformation and Reform Reserve*	(10,093)
Resilience Reserve#	(3,500)
Injury Pension Reserve*	7,139
New Dimensions Reserve#	(845)
Covid19 Reserve*	(1,742)
ESMCP Revenue Reserve#	(1,080)
Total Revenue Reserves	(35,224)

Earmarked Capital Reserves

Capital Receipts Reserve#	(1,403)
ESMCP Capital Reserve#	(169)
Total Capital Reserves	(1,572)

Total Earmarked Reserves **(40,739)**

Total Useable Reserves as at 31st March 2021 **(40.739)**

*Total Reserves that prevent an increase in the revenue budget (33,742)

#Total Reserves that support service delivery (6,997)
(40.739)

4.6 The audited statement of accounts for 2020/21 included the Annual Governance Statement which was approved by full Authority on 12 July 2021. This was further scrutinised by the Governance Committee's review of the evidence of assurance provided on the Authority's internal controls, risk management and governance arrangements. The statement concluded that the Governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework which adheres to best practice.

5. Future Position – 2022/23 Budget

5.1 Authority agreed the original revenue budget for 2022/23 on 14th February 2022. This was set at £51.487m, the budget was balanced by increasing council tax by 1.99%, budget savings of £3.712m and temporary use of reserves of £0.516m. It will depend on the level of future grant settlements if reserves are required to temporarily fund any budget gap identified however savings and efficiencies will also reduce any long term reliance on reserves.

5.2 The original budget for the capital programme for 2022/23, as agreed by Authority on 14th February 2022, totalled £12.655m.

5.3 The pandemic has continued to have an adverse financial impact on the Authority's revenue position with most of the impact being in significantly reduced business rates income. However an additional one-off government grant (Service Delivery Grant) of £1.072m has been received as part of the local government grant funding settlement for 2022/23 to help the Authority address the additional costs of the planned increase in Employers National Insurance costs and to meet other inflationary cost pressures. This funding was very timely but it would be

preferable if this grant was to continue into future years as the cost pressures are of a recurring nature. The overall budget position is therefore being monitored very closely to ensure that the Authority continues to achieve value for money services based on a prudent financial strategy of operating within its financial resources.

- 5.4 Cash has been managed effectively to ensure a positive cash flow for the Authority throughout the financial year and this continues to be the position projected forward.
- 5.5 The revenue and capital budgets continue to be monitored monthly by the Executive Leadership Team and quarterly by Authority with any changes to budgets being agreed by Authority.
- 5.6 The Authority's General Reserve remains at £3.943m. This is almost 8% of the 2022/23 revenue budget which is in accordance with both the Authority's MTFS principles and its Reserves policy and in line with best practice.

6. Future Position- Medium Term Financial Strategy (MTFS)

- 6.1 The current MTFS covers the period 2022/23 to 2025/26 and this estimates a £2.3m shortfall in resources over the four year period although budget savings and efficiencies have yet to be identified for the next three financial years which are expected to reduce this position significantly. The MTFS however will continue to be monitored and refreshed as required especially if any material changes should occur that impact upon the Authority's finances.
- 6.2 During 2021 the Authority and its communities have still been impacted by the COVID-19 Public Health crisis, although things are beginning to return to normal. From a financial perspective some of the cost pressures and loss of income will still have both an immediate and longer-term impact on the Authority's finances. As a result, the Authority has taken into account these likely implications in its current MTFS planning and will continue to monitor the position to ensure forecasts are updated and revised accordingly for this or any other potential 'shocks' to the MTFS forecasts.
- 6.3 The Authority continues to provide value for money services within its available financial resources and continually seeks to generate efficiencies that it can then re-invest into its service priorities such as its IRMP proposals and its TWFRS 25 vision.
- 6.4 Reserve levels and their use will be kept under regular review and the latest position is set out in the Authority's Reserves Policy 2020/21 to 2024/25. This is currently being refreshed and will be presented to members of the Authority separately once completed.
- 6.5 The MTFS is reviewed at least twice annually to ensure Members are aware of the latest estimated future financial position of the Authority. The last review was considered by Authority in February 2022 and this covered the period 2022/23 to 2025/26. The review incorporated estimated cost pressures facing the Authority, projected funding both from government and the level of locally generated

income through council tax and business rates as well as performance of the Authority in delivering its planned services. The update also takes into account the CSR21 data published in the autumn and the one year settlement provided for 2022/23, although disappointingly there was no multi-year settlement which would have been more helpful in improving effective service planning.

- 6.6 The Authority continues to actively look to streamline its processes in order to support effective decision making and make the best use of available capacity and resources. Opportunities for working in collaboration and partnership and different ways of working will be identified and developed where this will support the delivery of the Authority's outcomes and improve service efficiency and delivery. This will include working collaboratively with key partners to reduce costs and/or to generate additional income where appropriate.
- 6.7 The Authority continues to have an ambitious capital strategy and its key investment aspirations are based on the principles of delivering essential service improvements, invest to save schemes, or generating income streams which contribute to the Authority's services, the local economy and allows further capital investment.
- 6.8 Future risks for the Authority include the ongoing impact of the COVID-19 public health crisis, the continued changes in central government funding, increasing demand for services, the uncertainty concerning the possible move to 75% business rates retention, the unknown impact of Brexit and other global events on the wider economy and the significant increased risk of inflationary cost pressures that are currently being experienced. These risks will continue to be monitored by the Executive Leadership Team and members of the Fire Authority as required and financial plans will be adapted to the possible changing resources scenario as appropriate.

7. Conclusion

- 7.1 Based on the assessment undertaken, the Authority's Chief Finance Officer (Section 151 officer) view is that the Authority is aware of the challenges it faces and is equipped to continue to deliver its services taking account of its future known risks and therefore the Authority is a going concern and the Statement of Accounts continue to be prepared on this basis.

8. Recommendations

- 8.1 It is recommended that the Committee agrees that the Authority is considered to be a going concern based upon the assessment in this report and that the Accounts continue to be prepared and approved on that basis.
- 8.2 It is further recommended that this report is presented and agreed by the full Authority at its next available meeting.

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:
- a) conduct a review of the effectiveness of the system of internal control
 - b) 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

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 Council 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 ensure 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 the 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 Resource 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

External Auditor's reports 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 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. Members' 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. Internal audit work is planned on the basis of risk. The work of Internal Audit 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 Annual Audit Letter 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 managers 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 Councils' 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, ensure 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 ensures 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 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).

4.13.2 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 Auditors 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. 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 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
Chair of the Fire
Authority

Chris Lowther
Chief Fire Officer and
Chief Executive

Dennis Napier
Finance Director
(S151 Officer)

Date:

Date:

Date:

Appendix A – Corporate Governance Annual Action Plan 2021/22 – outstanding actions

The Annual Governance Statement 2020/21 contained 15 improvement actions for progression during 2021/22 and comprised of eight actions identified during the 2020/21 annual governance review and seven legacy actions from previous years'. Progress against these actions was reported to the Governance Committee on 7 March 2022, and 10 of the 15 actions were closed.

The five outstanding actions are detailed below and completion against these objectives is due by the end of the financial year, in March 2023.

Strategic oversight of these actions will be undertaken by the Corporate Governance Board and progress will be reported to the Governance Committee.

Ref	Area for improvement	Lead Officer	Responsible Officer	Actions taken / planned
7 2021/22	Arrange for the provision of anti-fraud and bribery training for TWFRS Members, managers and staff	HR Director	Head of Learning and Development Multimedia Technician	In progress - A number of anti-fraud and corruption eLearning training courses have been critiqued to identify whether they would be appropriate for the Service to adopt. However, as the majority of courses were tailored towards the private sector, the Learning and Development team decided to develop an in-house, fire-service centric training package for staff. Material is being collated for input into the eLearning storyboard. To coincide with the development of this training the Service is reviewing its anti-fraud and bribery policy. The Monitoring Officer confirmed that Members receive training from their 'home' councils so no further action required.
8 2021/22	Further guidance and training required for staff on Privacy Impact Assessment to improve staff understanding of and compliance with PIA requirements.	HR Director	Information Governance Advisor	In progress - A data protection impact assessment (DPIA) / PIA module was included within Information Governance training sessions delivered to Department Heads. To accompany this training, a user guide on how to complete a DPIA is being designed and will be published for staff use.
67 2020/21	Roll out training on corporate governance (CG) for the Senior Leadership Team (SLT) including b) info asset management.	HR Director	Information Governance Advisor	In progress - Training has been undertaken with Department Heads and there will be a rolling programme to identify and train new Department Heads. The information asset policy will be updated to support this training.

<p>60 2019/20</p>	<p>Information Asset Register (IAR) and recording system to be reviewed, supported by new technology and further training.</p>	<p>HR Director AM Strategy & Performance</p>	<p>Information Governance Advisor Head of ICT</p>	<p>In progress – Department heads are currently reviewing their Information Asset Registers (IARs) and work is ongoing with ICT to look at ways to host / make the IARs live documents. Regular IAR reviews are scheduled between the Information Governance Advisor and Department Heads. Supporting policies in relation to IARs and document retention and disposal are being reviewed and an eLearning package is in development.</p>
<p>43 2018/19</p>	<p>Review and streamline policies and procedures, to include PIA and Equality Impact Assessment (EIA) and support training, to align to new strategic planning framework.</p>	<p>AM Strategy & Performance HR Director</p>	<p>Head of Business Improvement Information Governance Advisor</p>	<p>In progress – The policy and procedure review was completed and an improved process implemented during 2021, which including new templates, an updated procedure / guidance, and training conducted. The equality impact assessments (EIA) and associated documents were published and are in use and training was provided. Privacy Impact assessments (PIA) are to be incorporated into the policy and procedure documentation and additional PIA / EIA training is to be provided to staff.</p>

Appendix B – Corporate Governance Action Plan 2022/23 – new actions

The annual governance review 2021/22 identified four actions where the Authority will need to focus its efforts during 2022/23, and are set out in the action plan below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2023.

Strategic oversight of these actions will be undertaken by the Corporate Governance Board and progress will be reported to the Governance Committee.

Ref	Area for improvement	Lead Officer	Responsible Officer	Intended Outcome	How this is monitored
1 2022/23	Develop a communication and engagement strategy that sets out how the fire and rescue service will continue to effectively engaging with both internal and external stakeholders.	AM Strategy & Performance	Head of Communications and Corporate Affairs Media and Communications Manager	A communication and engagement strategy adopted and communicated.	Executive Leadership Team
2 2022/23	Develop and deliver a structured management development programme for the Senior Management Group.	HR Director	Organisational Development Manager Organisational Development Advisor	Members of the Senior Management Group develop appropriate knowledge and skills.	People Board
3 2022/23	Review and improve the fire and rescue service's information governance approach and develop an information governance framework.	HR Director AM Strategy & Performance	Information Governance Advisor HR Services Manager Head of ICT Head of Data, Information and Safety	An information governance framework adopted and communicated.	Corporate Governance Board
4 2022/23	Review and where appropriate update the All Personnel Code of Conduct.	HR Director	HR Director	An updated All Personnel Code of Conduct adopted and communicated.	People Board

**Tyne and Wear Fire
and Rescue Service**

Creating the Safest Community



**Tyne and Wear Fire and Rescue Authority
Code of Corporate Governance
May 2022**



1. Introduction

Tyne and Wear Fire and Rescue Authority (the Authority) is the publicly accountable body that oversees the service delivery of the fire service on behalf of the community. The Authority is committed to demonstrating that it has the necessary arrangements in place to perform effectively and this Code sets out the way in which it will meet this commitment. Good corporate governance requires the Authority to carry out its functions in a way that demonstrates accountability, transparency, effectiveness, integrity, impartiality and inclusivity.

This Code is based on best practice guidance set out in 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 guidance assists the Authority in developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way, ensuring that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making; and
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

2. The governance framework

The governance framework comprises of systems, processes, culture and values by which the Authority 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. Good governance leads to effective:



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. The system of internal control assures that in conducting its business, the Authority:

- Ensures its values and ethical standards are met;
- Operates in a lawful, open, inclusive and honest manner;
- Ensures that public money and assets are safeguarded from inappropriate use, properly accounted for and used economically, efficiently and effectively;
- Has effective arrangements for the management of risk;
- Enables human, financial, environmental and other resources to be managed effectively;
- Properly maintains records and information; and
- Secures continuous improvement in the way that it operates.

3. Ethical frameworks

In adhering to the Authority's values and codes of conduct, Members and staff, as holders of public office are bound by the [Seven Principles of Public Life](#) (the Nolan Principles).

The Seven Principles of Public Life

- **Selflessness** - We act in the interest of the public, with a focus of how the service provides value and benefit to the community
- **Integrity** - We always do the right thing
- **Objectivity** - We provide an evidence-based service to the public
- **Accountability** - We are responsible for our decisions and behaviour
- **Openness** - We are open and transparent in everything that we do
- **Honesty** - We are truthful and trustworthy
- **Leadership** - We act as a role model, exhibiting these principles and challenging poor behaviour whenever it occurs.



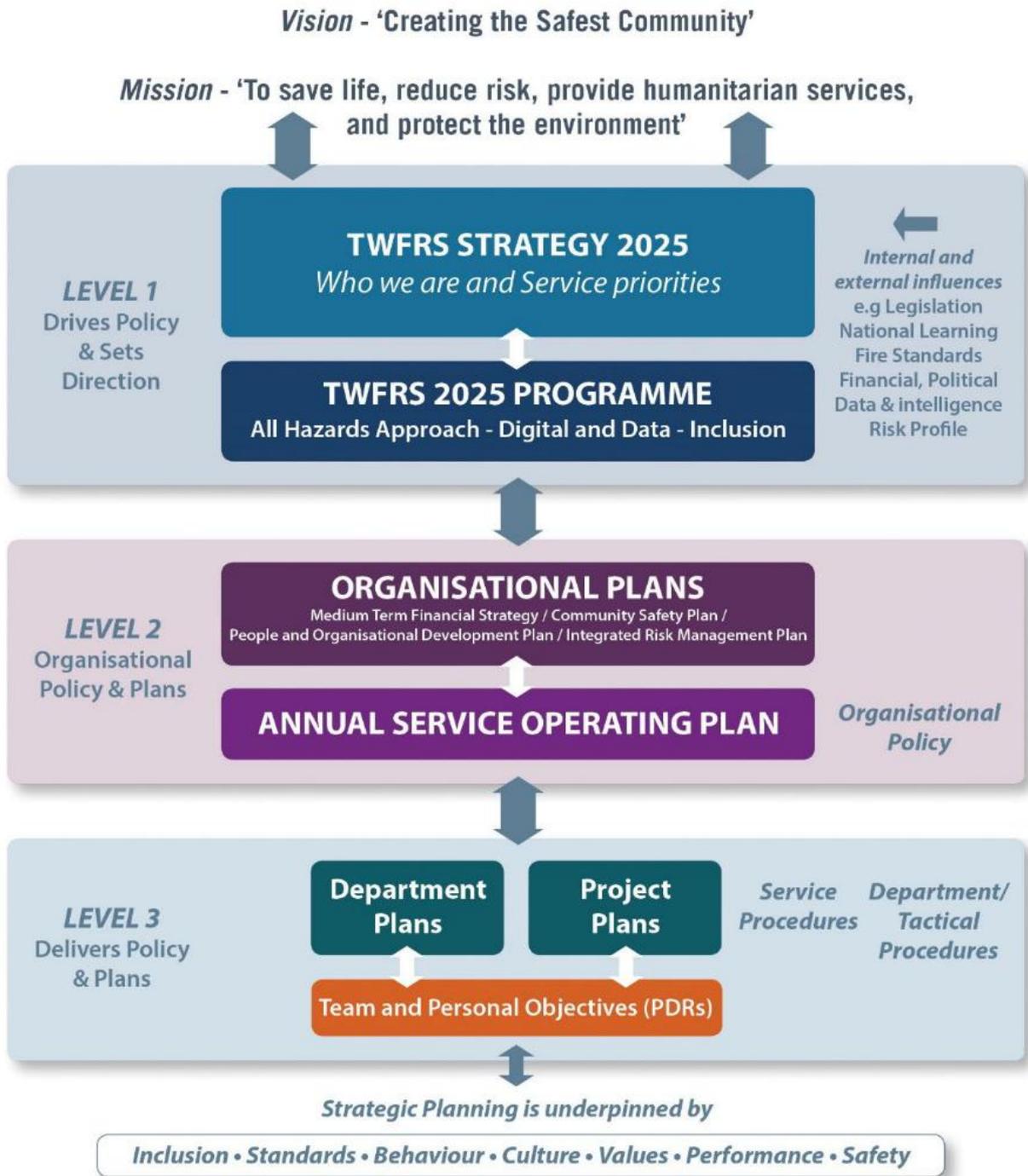
In May 2021, the National Fire Chief's Council published a [Core Code of Ethics](#), which sets out the principles, and standards of conduct and personal behaviour expected of staff. In June 2021, the fire service adopted these five fire-centric principles, based on the Nolan Principles and staff are expected to abide by them.

Core Code of Ethics - Five ethical principles

- **Community at our Heart** - We will put the interest of the public, the community, and service users first.
- **Integrity** - We will act with integrity including being open, honest, truthful, accurate and consistent in our actions, words, decisions, methods, and outcomes.
- **Dignity and Respect** - We will treat people with dignity and respect, making decisions objectively based on evidence, without discrimination or bias.
- **Leadership** - We will be positive role models, always demonstrating flexible and resilient leadership. We will be accountable for our behaviour, decisions, and actions, and challenge all behaviour that falls short of the highest standards.
- **Equality, Diversity & Inclusion (EDI)** - We will continually recognise and promote the value of EDI, both within the fire service and the wider communities in which we serve. We will stand against all forms of discrimination, create equal opportunities, promote equality, foster good relations, and celebrate difference.

4. Strategic planning framework

Below is an overview of our vision, mission and strategic planning framework. The TWFRS Strategy 2025 sets out the priorities for the next five years and explains how we will respond to change and explore innovative ways of working whilst continuing to deliver a first-class service to the communities of Tyne and Wear. This work is supported by organisational, departmental and project plans, policies and procedures.



5. The principles of good governance

To support the Authority to achieve its intended outcomes it is essential that effective governance arrangements are in place. This Code brings together in one document all the governance and accountability arrangements it has in place. This Code is based on best practice guidance and describes how Members and staff will discharge their responsibilities and govern the fire service in accordance with these principles.

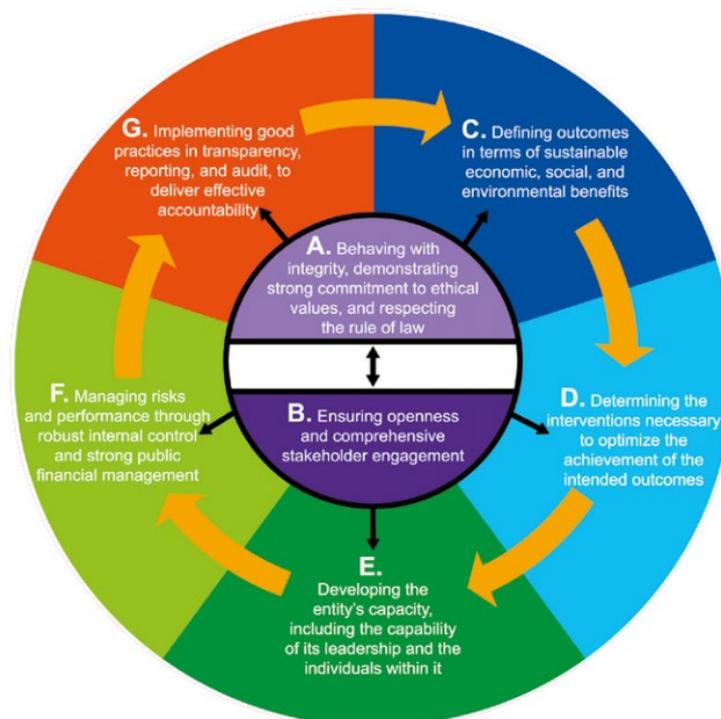
The first two principles underpin the framework and focus on **acting in the public interest**. Principles A and B are behaviourally orientated and should permeate the way in which all the other principles are applied.

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.

Principles C to G should be undertaken as a series of activities to ensure good governance and continuous improvement by ensuring there are **effective arrangements** in place for:

- 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.

The diagram below shows how the principles relate to one another:



The following pages detail what the Authority will need to achieve to meet the criteria of the CIPFA / SOLACE principles of good governance.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Authority are accountable for how much they spend, and how they use the resources under their stewardship. They have an overarching responsibility to serve the public interest by adhering to legislation and government policies. It is essential that the Authority can demonstrate the appropriateness of their actions and have mechanisms in place to encourage and enforce ethical values and respect for the law. The Authority will achieve this by:

Behaving with integrity

- Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Authority.
- Ensuring Members take the lead in establishing specific standard operating principles or values for the Authority and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).
- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes, which are reviewed on a regular basis to ensure that they are operating effectively.

Demonstrating strong commitment to ethical values

- Seeking to establish, monitor and maintain the Authority's ethical standards and performance.
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Authority's culture and operation.
- Developing and maintaining robust policies and procedures, which place emphasis on agreed ethical values.
- Ensuring that external providers of services on behalf of the Authority are required to act with integrity and in compliance with ethical standards expected by the Authority.

Respecting the rule of law

- Ensuring Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
- Creating the conditions to ensure that the statutory officers, other key post holders, and Members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.
- Dealing with breaches of legal and regulatory provisions effectively, ensuring corruption and misuse of power are dealt with effectively.

B. Ensuring openness and comprehensive stakeholder engagement

The fire service operates for the public good; therefore, the Authority should ensure openness in all of its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as stakeholders. The Authority will achieve this by:

Openness

- Ensuring an open culture through demonstrating, documenting and communicating the Authority's commitment to openness.
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.

Engaging comprehensively with stakeholders

- Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
- Ensuring that partnerships are based on:
 - trust;
 - a shared commitment to change;
 - a culture that promotes and accepts challenge among partners and;
 - that the added value of partnership working is explicit.

Engaging with individual citizens and service users effectively

- Establishing a clear policy on the type of issues that the Authority will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
- Ensuring that communication methods are effective and that Members and staff are clear about their roles with regard to community engagement.
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
- Taking account of the impact of decisions on future generations of taxpayers and service users.

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

The long-term nature and impact of many of the Authority's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the fire service's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available. The Authority will achieve this by:

Defining outcomes

- Having a clear vision, which is an agreed formal statement of the Authority's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the Authority's overall strategy, planning and other decisions.
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.
- Delivering defined outcomes on a sustainable basis within the resources that will be available.

Sustainable economic, social and environmental benefit

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Authority's intended outcomes and short-term factors such as the political cycle or financial constraints.
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
- Ensuring fair access to services.

D. Determining the interventions necessary to optimise the achievement of intended outcomes

The Authority achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that the fire service has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that the achievement of outcomes is optimised. The Authority will achieve this by:

Determining interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however, services are provided.
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.

Planning interventions

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks.
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
- Establishing appropriate key performance indicators as part of the planning process to identify how the performance of services and projects is to be measured.
- Ensuring capacity exists to generate the information required to review service quality regularly.
- Preparing budgets in accordance with objectives, strategies and the Medium Term Financial Strategy .
- Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.

Optimising achievement of intended outcomes

- Ensuring the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints.
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
- Ensuring the Medium Term Financial Strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
- Ensuring the achievement of 'social value' through service planning and commissioning.

E. Developing the Authority's capacity, including the capability of its leadership and the individuals within it

The Authority needs appropriate structures and leadership, as well as people with the right skills and appropriate qualifications to operate efficiently and effectively and achieve their intended outcomes within specified periods. The fire service must ensure that it has both the capacity to fulfil its strategic objectives and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which the fire service operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership is strengthened by the participation of people of many different types of backgrounds, reflecting the structure and diversity of communities. The Authority will achieve this by:

Developing the Authority's capacity

- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.
- Recognising the benefits of partnerships and collaborative working where added value can be achieved.
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

Developing the capacity of the Authority's leadership and other individuals

- Developing protocols to ensure that Members and officers negotiate with each other regarding their respective roles and that a shared understanding of roles and objectives is maintained.
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
- Ensuring the Chair and the Chief Fire Officer have clearly defined and distinctive leadership roles whereby the Chief Fire Officer leads in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.
- Developing the capabilities of Members and senior management to achieve effective leadership and to enable the Authority to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
 - ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.
 - ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.

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

The Authority needs to ensure that the organisational and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates the effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires commitment from those in authority. The Authority will achieve this by:

Managing risk

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision-making.
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
- Ensuring that responsibilities for managing individual risks are clearly allocated.

Managing performance

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Authority's financial, social and environmental position and outlook.
- Ensuring an effective scrutiny or oversight function is in place, which provides constructive challenge, and debate on policies and objectives before, during and after decisions are made thereby enhancing the Authority's performance and that of the fire service, for which it is responsible.
- Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.
- Providing Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).

Robust internal control

- Aligning the risk management strategy and policies on internal control with achieving objectives.
- Evaluating and monitoring risk management and internal control on a regular basis.
- Ensuring effective counter fraud and anti-corruption arrangements are in place.
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.

- Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body:
 - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.
 - that its recommendations are listened to and acted upon.

Managing data

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
- Reviewing and auditing regularly the quality and accuracy of data used in decision-making and performance monitoring.

Strong public financial management

- Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned with not only reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the fire service plans and carries out its activities in a transparent manner. Both Internal and External Audit contribute to effective accountability. The Authority does this by:

Implementing good practice in transparency

- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.

Implementing good practices in reporting

- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.
- Ensuring Members and senior management own the results reported.
- Ensuring robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the Annual Governance Statement).
- Ensuring that this framework is applied to jointly managed or shared service organisations as appropriate.
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.

Assurance and effective accountability

- Ensuring that recommendations for corrective action made by External Audit are acted upon.
- Ensuring an effective Internal Audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.

6. Code of governance evidence of compliance

	Principle A Behaving with integrity	Principle B Ensuring openness	Principle C Defining outcomes	Principle D Determining interventions	Principle E Developing the Authority's capacity	Principle F Managing risk, performance & finance	Principle G Implementing good practices
Constitution: Part 1 Standing Orders	X	X			X		
Constitution: Part 2 Financial Regulations	X	X		X	X	X	
Constitution: Part 3 Delegation Scheme	X	X			X	X	
Constitution: Part 4 Terms of Reference		X			X		
Constitution: Part 5 Codes of Conduct	X	X			X		
Constitution: Part 6 Members Allowance Scheme	X	X			X		
Constitution: Part 7 CFO Emergency Powers	X	X			X		
Annual departmental plans			X	X	X	X	X
Annual Equality and Gender Pay Gap report		X		X			X
Annual Governance Statement	X	X				X	X
Annual Report: Our year in review		X		X	X	X	X
Annual Service Operating Plan		X	X	X	X	X	X
Anti-bribery policy	X	X			X	X	
Anti-fraud and corruption policy	X	X			X	X	
Authority and committee timetable and report publication		X		X	X	X	
Budget monitoring / preparation		X	X	X	X	X	
Business continuity management			X		X	X	
Capital policy and programme		X	X	X		X	X
Community Risk Profile 2020-23		X	X	X		X	
Compliments and complaints policy	X	X					X
Consultation policy		X	X	X			
Efficiency Plan			X				
Equality impact assessments	X	X	X	X			X
External Audit (of accounts, AAL and value for money opinion)	X	X	X			X	X
Governance Committee	X			X	X	X	X
Health and safety policy, inspections and reporting			X	X		X	X
Induction guidelines / checklist	X				X	X	
Information Management – data, document and security policies	X	X		X		X	X
Integrated Risk Management Plan 2021-2024		X	X	X		X	X

	Principle A Behaving with integrity	Principle B Ensuring openness	Principle C Defining outcomes	Principle D Determining interventions	Principle E Developing the Authority's capacity	Principle F Managing risk, performance & finance	Principle G Implementing good practices
Internal Audit plan and annual report	X	X		X		X	X
Job descriptions / person specification			X		X		
Local Code of Corporate Governance	X	X			X		
Malpractice occurring in the workplace (whistle-blowing)	X	X				X	
Medium Term Financial Strategy 2021/22-2024/2025		X	X	X	X	X	X
Member allowance scheme		X					X
Member induction and development programme	X				X		
Modern Slavery Act Transparency Statement	X	X				X	
Narrative Statement		X		X		X	
Occupational Health Unit – employee assistance, health and wellbeing			X		X		
Partnership register / agreements		X	X	X	X		X
Pay policy statement		X		X			X
Performance development review	X				X		
Performance management / reporting			X	X	X	X	X
Privacy policy / notice				X		X	
Procurement policy 2021-24	X	X	X	X			X
Register of gifts and interests	X	X					
Reserves policy 2020/21 to 2024/25		X	X	X		X	
Risk management policy and corporate risk register			X	X		X	X
Staff engagement / surveys		X	X		X	X	
Statement of Accounts	X	X	X			X	X
Statement of Assurance	X	X				X	X
Transparency Code / FOI publication scheme		X					X
Treasury Management Policy	X		X	X			
TWFRS Strategy 2025		X	X		X		
TWFRS 2025 programme		X	X	X	X		
Vision, missions and core values	X	X	X				X

7. Key roles of the Authority’s governance framework

<p>Fire Authority</p>	<p>The Authority is the publicly accountable body that oversees the service delivery of the fire service on behalf of the community. The Authority operates in accordance with a formal constitution, which sets out details of the governance arrangements under which they conduct their business. In practice, responsibilities and other functions are assigned to sub-committees of the Authority, or to senior officers via the scheme of delegation.</p> <p>The Authority is the decision-making body, which approves the constitution, fire service strategy, governance reporting and budgetary framework. Members with support from their officer colleagues are responsible for:</p> <ul style="list-style-type: none"> • Determining the policy direction of the fire service; • Setting a budget to fund the delivery of that policy direction; and • Undertaking scrutiny to ensure that intended outcomes are being achieved efficiently, effectively and in accordance with statutory requirements. <p>The Authority must appoint the statutory officers, who are required to help ensure that the authority conducts its affairs appropriately.</p>
<p>Governance Committee</p>	<p>The Governance Committee independently assures the adequacy and effectiveness of the Authority’s governance arrangements, risk management and the internal control environment. The Committee scrutinises the Authority’s financial and non-financial performance and is responsible for:</p> <ul style="list-style-type: none"> • Monitoring and reviewing the risk, control and governance processes to ensure internal control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance; • Ensuring governance arrangements are kept under continual review through reports prepared by officers with responsibility for aspects of this Code; • Making recommendations concerning relevant governance aspects of the Constitution; • Considering Internal Audit’s Annual Audit Plan and Report and the reports and opinions of the External Auditor, including the Annual Audit Letter and monitoring the management action in response to any issues raised. • The Authority’s ethical framework and the promotion of high standards of conduct, working closely with the Monitoring Officer to deal with complaints about Member conduct. • Aligning 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.
<p>Statutory Officer: Head of Paid Services is the Chief Fire Officer</p>	<p>The Chief Fire Officer is responsible for the day-to-day management and operations of the fire service and the provision of professional advice to the Authority and its committees.</p> <p>Together with the Monitoring Officer, the Chief Fire Officer is also responsible for ensuring a system for recording and reporting Authority decisions.</p>

<p>Statutory Officer: Chief Finance Officer Is the Finance Director (Section 151 Officer)</p>	<p>The Finance Director is responsible for:</p> <ul style="list-style-type: none"> • Establishing a framework for the proper administration of the Authority's financial affairs. • Setting and monitoring compliance with financial management standards. • Establishing an adequate and effective system of Internal Audit. • advising on the corporate financial position, and key controls necessary for sound financial management. • Giving accurate, impartial advice and information on financial issues to the Authority, and the fire service senior management team.
<p>Statutory Officer: Monitoring Officer</p>	<p>The Monitoring Officer is responsible for:</p> <ul style="list-style-type: none"> • Standards of conduct for Members of the Authority. • Maintaining the Authority's constitution . • Ensuring a system for recording and reporting Authority decisions, together with Chief Fire Officer. • Together with the Finance Director advising the Authority when their decisions are not in accordance with the policy and budget framework. • Ensuring that no action of the Authority contravenes any legislation or code of practice, or may lead to a charge of maladministration. • Preparing a formal report for the Authority, after consultation with the Chief Fire Officer and Finance Director, where they consider that any proposal, decision or omission will give rise to unlawfulness or maladministration.
<p>Deputy Chief Fire Officer</p>	<p>The Deputy Chief Fire Officer is responsible for maintaining the Authority's Code of Corporate Governance and initiating the annual review of effectiveness.</p>
<p>Executive Leadership Team</p>	<p>The Executive Leadership Team are responsible for developing, maintaining and implementing the Authority's governance, risk and control framework. They are also responsible for:</p> <ul style="list-style-type: none"> • Providing clear direction to the fire service and senior managers. • Providing information from various sources to inform governance arrangements, e.g. performance, financial and risk management arrangements and reports. • Contributing to the completion and review of the Annual Governance Statement.
<p>Risk Management</p>	<p>A process whereby corporate, departmental and project risks are understood and managed proactively, optimising success by minimising threats and maximising opportunities.</p>
<p>Internal Audit</p>	<p>The Internal Audit function is responsible for independently assuring the adequacy and effectiveness of the Authority's governance, risk and control framework. This is undertaken by delivering a programme of risk based audit activity and where appropriate making recommendations for improvement.</p>
<p>External Audit</p>	<p>The External Audit function is responsible for auditing and reporting on the Authority's financial statements, providing an opinion on the Authority's accounts and the use of resources, concluding on the arrangements in place for efficiency and effectiveness in the use of resources (the value for money conclusion).</p>

8. Monitoring and Review

Annual Governance Statement

Annually the Authority will publish a Governance Statement. The Governance Advisor with oversight from the Corporate Governance Board manages this process. The Annual Governance Statement will provide an overall assessment of the Authority's corporate governance arrangements and an appraisal of the key controls in place to manage the Authority's principal governance risks, together with proposed improvements that will be made. The statement will also provide details of where improvements need to be made in accordance with the Accounts and Audit (England) Regulations 2015. The Annual Governance Statement will be published as part of the Authority's Annual Statement of Accounts and will be audited by the External Auditors.

Annual Corporate Governance Action Plan

Following the annual governance review process the Authority will approve an action plan of specific improvements to be delivered over the course of the following year. The Governance Committee will seek assurance from the Corporate Governance Board throughout the year that the action plan is on target to be delivered. Corporate governance improvements delivered by the Authority will be reported through the Annual Governance Statement process.

Related Documents

- CIPFA/SOLACE 2016 Delivering Good Governance in Local Government Framework
- Annual Governance Statement
- Corporate Governance Annual Action Plan