



ANNUAL GOVERNANCE STATEMENT

31st MARCH 2013

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1. Introduction to the Annual Governance Statement

What is the governance framework?

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published the advisory framework 'Delivering Good Governance in Local Government' ('the framework'), in 2007 and an Addendum to the framework was published in December 2012.

The framework defines six core principles that underpin the governance of each local government body. These principles inform the development of our local code, and the preparation of the Annual Governance Statement ('the AGS').

2. Scope of Responsibility

Cheshire Fire Authority

The Authority has responsibility 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.

The Authority has a duty under the Local Government Act 1999 to show how it aims for continuous improvement in delivering its services, taking into account a combination of economy, efficiency and effectiveness.

Members and Officers

In discharging the statutory responsibilities of the Authority, Members and Senior Officers are responsible for ensuring that proper governance arrangements are in place. These need to demonstrate good management of the Authority's key risks in accordance with legislation and proper standards.

3. The Authority's Governance and Internal Control Framework

The Authority's local governance and internal control framework includes the systems, processes, procedures, culture and core values by which it is directed and controlled, and through which it accounts to and engages with its communities and other stakeholders. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and value for money services.

Corporate Governance Framework

The governance framework centres on the Authority's strategic aims and objectives and includes:

- the organisation's vision and purpose which drive the service planning, delivery, risk, project and performance management frameworks;
- the Integrated Risk Management Plan (IRMP);

- Consultation and Communications Strategies;
- a published set of core values;
- The Authority's Constitution;
- a responsible Financial Officer to ensure effective administration of financial affairs as set out in CIPFA's *Statement on the Role of the Chief Financial Officer in Local Government* (2010).
- a Monitoring Officer responsible for ensuring the legality of the Authority's actions;
- an established structure of Authority and Committee meetings, each with a formal Terms of Reference ('ToR');
- a system of Member Champions covering thematic agendas such as Equality and Diversity, Environment, Finance, Performance Management, Procurement, and Health and Safety;
- integrated corporate and financial planning process;
- regular financial and performance reporting;
- a Local Code of Corporate Governance and action plan signed off by Standards Committee in March 2012;

In addition to the formal arrangements, the Authority schedules regular Member planning days to engage with Members in a more informal environment to assess debate and steer future proposals.

Engaging with our Communities

Extensive efforts are made to engage with the communities and stakeholders of Cheshire East, Cheshire West and Chester, Halton and Warrington. A comprehensive 12 week programme of community consultation and stakeholder engagement is carried out each year to seek feedback on the Authority's key priorities and proposals set out in its draft annual Integrated Risk Management Plan (IRMP). IRMP 9 covers the period ending 31st March 2013.

The principles by which the Service carried out consultation are set out in the consultation and engagement strategy and on key issues the Authority works with the consultation institute to assess itself against best practice. This was done for IRMP 10 resulting in a successful compliance assessment.

Internal Control Framework

Some of the most significant aspects of our Internal Control environment are highlighted below:

- Policies which governs the lawful activities of the Service, overseen by the internal Policy Approval Group (PAG);
- the Risk Management Board (RMB), responsible for maintaining and championing an effective Risk Management policy, framework and corporate risk register;
- published Anti-Fraud, Corruption, Whistle blowing and Complaints policies/procedures;
- medium term financial forecasting and budget management processes;

- the Performance Management Group (PMG), responsible for monitoring and reviewing organisational performance, and championing a strong performance culture;
- a new Corporate Performance Scorecard setting out the Authority's Key Performance Indicators;
- a dynamic, intelligent training programme which is tailored to the development needs of the Authority's frontline staff;
- appraisal and personal development programmes, induction processes and Codes of Conduct designed to ensure staff are appropriately skilled to deliver the Authority's aims and objectives and conduct themselves in a proper manner;
- the IRMP Programme Board which monitors and challenges performance of key projects and programmes;
- well-established Health and Safety policies which have been communicated to staff and are available in a central document management system;
- the ICT Steering Group which provides strategic direction for the Authority's ICT and Information services and policies.

Identifying and communicating the Authority's vision

The Authority has published its four year strategy *Planning for a Safer Cheshire* and is supported by the annual IRMP action plan (IRMP). The Authority's vision is stated clearly as '**A Cheshire where there are no deaths, injuries or damage from fires and other emergencies**'. Full details of all these plans are published on the website – www.cheshirefire.gov.uk.

In delivering its vision and corporate priorities, the Authority reviews quarterly reports through the Performance and Overview Committee and annually at a meeting of the full Fire Authority on the organisation's activities, performance and the financial position. The Authority's Annual Report includes details of key performance and a summary of its Statement of Accounts and is circulated in a newspaper format to every household in Cheshire.

Governance Improvements made during 2012-13

In last year's AGS, the Authority set out a number of improvements it intended to implement, based on a comprehensive assessment of its corporate governance and control framework. The table below summarises the actions and the progress made during the 2012-13 financial year.

Action	Progress
Implement New Standards Regime	Completed in accordance with legislative timetable
Refresh of Scheme of Delegation/Financial and Contract rule	This work is scheduled in 13-14 departmental plans
Development of monitoring arrangements for partnerships	Further work continuing in 13-14
Migration of training records to the HRPro System	First phase complete
Further work on impacts of Localism Act	Act fully considered for relevance to Cheshire Fire & Rescue Service
Development of Bribery Statement and Policy	Policy developed
Development of a new content management system (CMS)	New website and content management system delivered

Management Structure

The operations of Cheshire Fire and Rescue Service (CFRS) are directed through a clear management structure with defined roles and responsibilities. The senior officer team is known as the Policy Approval Group (PAG) and comprises of the Chief Fire Officer; Deputy Chief Fire Officer; Assistant Chief Fire Officer; Monitoring Officer and the Chief Finance Officer. The full Service Management Team (SMT) is made up of PAG and Heads of Department who all report to one of the Principal Officers.

SMT:

The Service Management Team (SMT) is responsible for the delivery of the aims and objectives that focus on the achievement of the Cheshire Fire Authority's vision as well as the key priorities which reflect community, regional and national issues.

Monitoring Officer:

During the 2012-13 financial year, the Head of Legal and Democratic Services fulfilled the statutory role of Monitoring Officer for the Authority, overseeing processes ensuring all actions taken were lawful.

Chief Finance Officer:

For the financial year 2012-13 the Head of Finance and Treasurer had responsibility for the day to day financial management in accordance with CIPFA guidance and responsibilities set out in Section 151 of the Local Government Act 1972.

4. Evaluation of Effectiveness

Cheshire Fire Authority has a responsibility for conducting a review of the effectiveness of its governance framework, including the system of internal control, at least annually. This is informed by the assurances of senior officers within the Authority, who have responsibility for the development, maintenance and management of the governance and internal control arrangements.

Internal Scrutiny

Member Scrutiny

A programme of formal Member meetings was scheduled throughout 2012-13 including:

- 5 x Fire Authority
- 5 x Policy Committee
- 5 x Performance & Overview Committee
- 5 x Governance & Constitution & Committee (formerly Standards Committee)
- 3 x Brigade Managers Pay & Performance Committee

Member Champions

Member Champions have been appointed in the following thematic areas:

- Equality and Diversity (sitting on the E&D Task Group)
- Environment
- Health and Safety (sitting on the H&S Committee)
- Procurement
- Finance x 2
- Older People
- Young People
- Performance Management (attending PMG at least annually)
- Information and ICT (Member of ICT Steering Group)
- Commercial/Business Risk Reduction
- Industrial Relations (Chair of Joint Consultative Committee)
- Road Safety
- Risk Management x 2 (sitting on RMB)
- Member Development (Chair of Member Training and Development Group)

Scrutiny Boards

CFRS operates a series of scrutiny boards chaired by Senior Officers, these include:

- Budget Management Board – oversees day to day financial management and budget planning in the Service and is scheduled at least quarterly as part of SMT planning meetings;
- Performance Management Group – scrutinises operational performance across the Service;

- Risk Management Board – approval and regular monitoring of the corporate risk register, emerging new risks, crisis management planning and the Corporate Risk Management Framework;
- IRMP Programme Board – scrutinises progress of IRMP projects;
- ICT Steering Group – provides strategic direction for ICT and information services;
- Land & Acquisitions Board – monitors new build projects;
- Attendance Management Board – scrutinises absence levels.

Annual Governance Statement process

The process and timelines for the preparation and review of the Annual Governance Statement (AGS) are mapped out in **Appendix 1**.

Risk Management Self-Assessment

CFRS participated in the Public Risk Management Association (Alarm) Risk Management Benchmarking Club for the third time in 2012, achieving the highest level of '**Driving**' in the Risk Management Maturity self-assessment. The self-assessment exercise has provided the Authority with a framework to facilitate a detailed sense-check of the organisation's risk management approach, culture and processes. Whilst, the assessment highlighted excellent practices, a few areas of improvement were identified and an action plan has been developed which is monitored by RMB on a six monthly basis.

Business Continuity

Business Continuity is an important part of the Authority's strategy and a robust programme is well established to ensure its business continuity responsibilities align to best practice standards, e.g. BS25999-2. Departmental Business Continuity plans supporting the Authority's Crisis Management Plan are maintained and tested regularly.

Performance Management

As part of corporate planning processes, the Authority sets out the key corporate performance indicators, both quantitative and qualitative, that measure delivery of its strategic objectives. Achievements against these performance indicators are scrutinised quarterly at PMG, reported to PAG and the Performance and Overview Committee, and annually to the Fire Authority.

In 2012 the Service introduced a new Corporate Performance Scorecard as a vehicle for visually displaying the Authority's agreed suite of KPIs, some of which are newly established. End of year analysis of overall performance has highlighted that targets were achieved for 15 out of 23 KPIs. Of the eight KPIs where the set targets were not quite achieved, seven showed positive improvement compared with the previous year.

Monitoring and Reporting

There is an approved process of quarterly performance and financial monitoring and reporting highlighting progress against projects and activities, budget and

performance indicators identified within Departmental, Unitary and Community Action Plans and these reports are presented to Members of the Authority in line with a corporate reporting cycle.

Value for Money Reviews

The Authority's four year strategy committed to carrying out fundamental reviews of all departments across the organisation.

Since 2011, a programme of Value for Money (VFM) Reviews has been progressed. These reviews focus on the efficiency and effectiveness of the services provided and will be conducted on a three-yearly cycle to ensure continuous improvement.

The following departmental reviews were carried out during 2012-13:

- Facilities
- Health & Safety
- Unitary Administration
- Stores and Procurement
- Workshops and Transport
- Operational Policy and Assurance

External Scrutiny

The Authority encourages external scrutiny of its activities via:

- Internal Audit (RSM Tenon)
- External Audit (Grant Thornton)
- Peer reviews
- Independent Review Panel
- Other stakeholders via corporate publications and consultation meetings

Key policies, procedures and external assessments are published on the Authority's website to demonstrate transparency and encourage public scrutiny.

Internal Audit function

The Authority's Internal Audit function is currently outsourced to a professional auditing company, RSM Tenon, with well-established protocols for working with External Audit. During 2012-13 a number of planned internal audits were commissioned which provided an independent assurance level on the Authority's control frameworks. The delivery of this function is reviewed and reported regularly to ensure it provides value for money for the organisation.

All assurance audits this year have resulted in a positive opinion from RSM Tenon. There have been a small number of recommendations made as a result of their findings, none of which has been categorised as high priority.

Completed internal audits undertaken during the year are listed below:

1. Risk Management
2. Value for Money – Workshops & Transport (benchmarking)

3. Management Information – incident statistics
4. Operational Station Visits
5. Project Management Framework
6. Local Code of Corporate Governance(refresh Local Code of Corporate Governance and action plan)
7. ICT Network Security
8. Value for Money – Facilities (benchmarking)
9. Enforcement
10. Key Financial Controls
11. Follow Up of audit recommendations

Internal Audit Opinion

“RSM Tenon is satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion on the adequacy and effectiveness of Cheshire Fire Authority’s arrangements for the 12 months ended 31 March 2013, based on the work we have undertaken. Our opinion regarding the adequacy and effectiveness of Cheshire Fire Authority’s arrangements for governance, risk management and control is adequate”.

External Audit Opinion

To be populated in September

Operational Assessment and Fire Peer Challenge

An external team visited CFRS in July 2012 for four days, as part of a review programme aimed at assessing the effectiveness of local fire and rescue services under the sector-led Performance and Improvement framework established jointly by the Chief Fire Officer's Association (CFOA) and the Local Government Association (LGA) in 2012.

The review team was invited to provide an independent view on the Fire Authority's future plans for change, in light of the funding challenges and ongoing transformation of the organisation. They carried out a general health check and review of leadership, capacity and governance, as well as an assessment of a number of key operational areas. An action plan was developed capturing all the outcomes of the review and progress monitored by SMT.

Identified Areas of Improvement for 13-14

While the Authority believes that it currently has robust governance and internal control arrangements in place, there are areas for improvement which have been highlighted during the process of preparing the AGS and are scheduled to be addressed by Members and Officers:

Action No	Action	Department	When
1	Refresh of the Scheme of Delegation and Financial and Contract Rules	Finance/Legal & Democratic Services	2013-14

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Action No	Action	Department	When
2	Clearer guidance on Programme Management	Planning Performance & Communications	2013
3	Refreshed Local Code of Corporate Governance and action plan	Planning Performance & Communications	2013
4	Continued development of monitoring partnership arrangements	Legal & Democratic Services	2013-14
5	Development and co-ordination of Operational Statement of Assurance	Planning Performance & Communications	2013

5. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year 2012-13

We are satisfied that these measures along with a continual cycle of review and challenge, will ensure a robust governance framework for 2013-14 and beyond.

Signatures:

Fire Authority (Chair).....

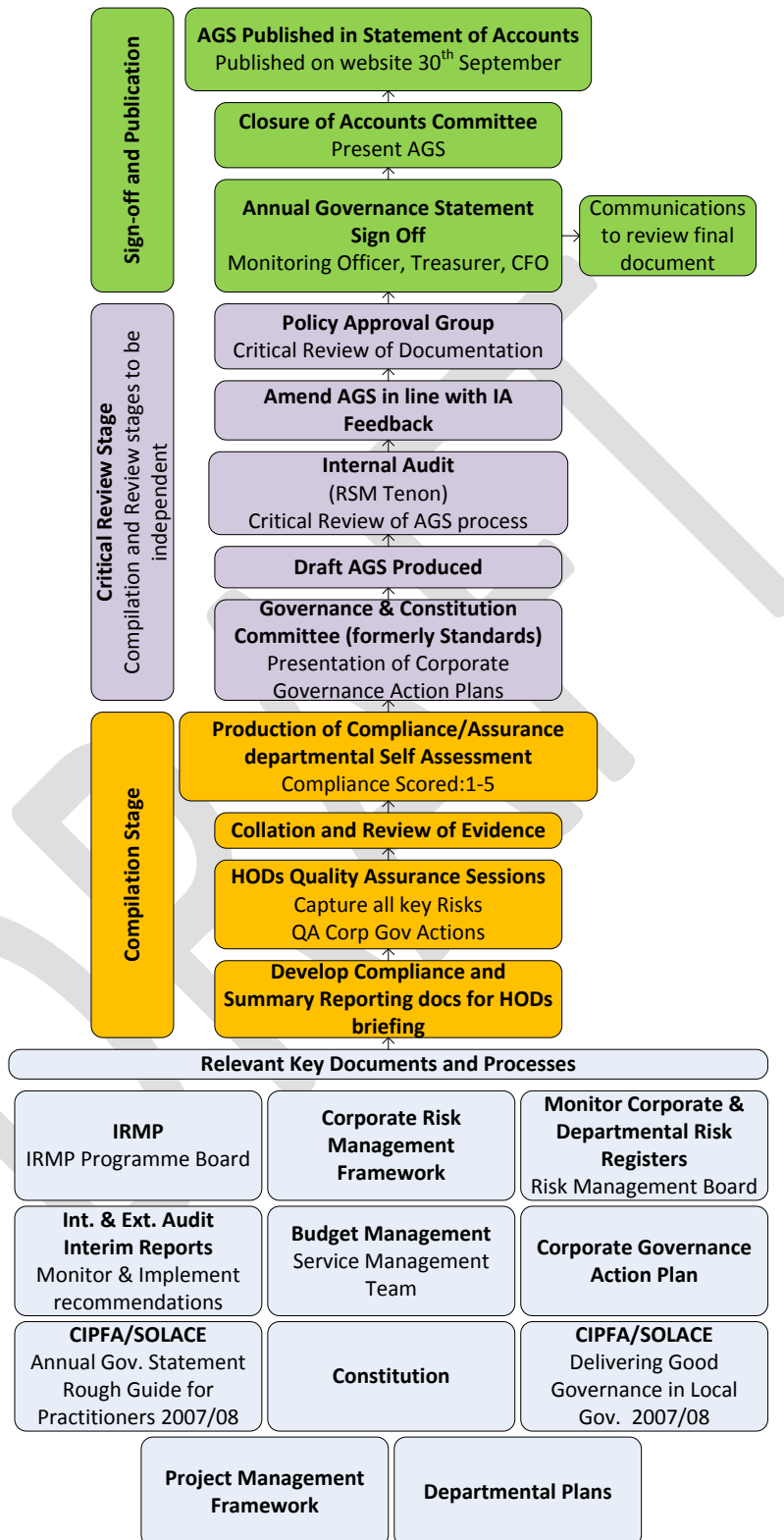
Chief Fire Officer.....

Treasurer.....

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Appendix 1

Annual Governance Statement Process Map 2012/13



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 Mapped with reference to *The CIPFA/SOLACE, Annual Governance Statement Rough Guide for Practitioners (with effect from 2007/08)*