

ANNUAL GOVERNANCE STATEMENT 2018-19

1. Scope of Responsibilities

- 1.1 Governance comprises the systems and processes by which Cheshire Fire Authority (the Authority) and Cheshire Fire and Rescue Service (the Service) direct and manage. It is also about culture and values – the way that officers and Members think and act.
- 1.2 The Authority covers the four unitary areas of Cheshire East, Cheshire West and Chester, Halton and Warrington. The Authority is a separate legal body, with the power to set council tax and to set its own policies and procedures, without seeking the approval of these local councils. Each council appoints a number of elected Members to serve on the Authority. As an Authority Member, councillors represent the whole of Cheshire and are not just required to represent their appointing council. The Authority as the governing body ensures that the Service operates in a lawful, open, inclusive and honest manner; making sure public money is safeguarded, properly accounted for and spent wisely; and has effective arrangements in place to manage risk.
- 1.3 Production of an Annual Governance Statement is a requirement under the Accounts and Audit Regulations (England) 2015 and helps to ensure that a reliable system of internal controls can be demonstrated.

2. The Governance Framework

- 2.1 The Authority is responsible for ensuring that business is conducted in accordance with the law, with openness and engagement with stakeholders and that risk is managed through robust internal control and strong public finance management to deliver effective accountability. The Authority has a Constitution, which sets out the governance framework that will assist in enabling the Authority and the Service to fulfil their statutory obligations. The Constitution is reviewed on a regular basis to ensure it remains up to date and relevant taking into account local and national changes in the way fire and rescue services operate.
- 2.2 The Authority's Constitution:
 - Explains the Authority's decision-making arrangements;
 - Sets out the responsibilities of elected Members and officers; and
 - Contains details of rules and controls.
- 2.3 Full details of the Constitution can be found on the website (www.cheshirefire.gov.uk).

2.4 The Governance Framework focuses on the Authority's strategic aims and objectives and includes:

Corporate

- **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 Engagement and Communications Strategies**
- **A published set of core values**

Committee Structure and Member Scrutiny

- **The Authority's Constitution**
- **Established structure of Authority and Committee meetings, each with formal Terms of Reference (ToR)**
- **Scrutiny by Members e.g. Performance and Overview Committee responsible for thematic areas such as E&D, Performance Management**
- **Crisis Management Plan – owned and scrutinised by Risk Management Board**
- **Local Code of Corporate Governance Action Plan reviewed by the Governance and Constitution Committee**
- **Published Anti-Fraud, Corruption, Whistle-blowing and Complaints policies and procedures**
- **Medium term financial forecasting and budget management processes**
- **Code of Conduct**

Scrutiny and Reporting

- **Integrated Corporate and Financial planning processes with regular reporting**
- **Treasury Management Strategy**
- **Risk Management Board – responsible for championing an effective Risk Management Policy and Framework – regular review of Strategic Risk Register**
- **Performance and Programme Board – responsible for monitoring and reviewing organisational performance including the Corporate Performance Scorecard setting out the Authority's key indicators and scrutiny of key projects and programmes**
- **Service Management Team – strategic direction for the Authority's IT delivery**
- **Information Governance arrangements**

People

- **Dynamic, intelligent training programme which is tailored to the development needs of the Authority's frontline staff**
- **Appraisal system and personal development programmes**
- **Established Health, Safety and Wellbeing policies – compliance Health, Safety and Wellbeing Board**
- **Health, Safety and Wellbeing Board review of fitness performance**

2.5 For the purposes of financial reporting, the Authority has decided that the functions of an audit committee with responsibility for governance will be exercised by the Authority meeting as a whole.

3. Internal Financial Controls

3.1 The objective of the internal financial controls is to maintain sound and proper financial arrangements; to explain why safeguards and controls are important and necessary; to profile a framework for financial management, which will enable, wherever possible, managerial and financial responsibilities to be aligned safeguarding all Members and officers.

3.2 The key documents that set out the internal financial controls are:

- Financial Regulations – as set out in the Constitution
- Scheme of Delegation – as set out in the Constitution
- Treasury Management Strategy – approved by the Authority each year which sets out the Annual Investment Strategy, Borrowing Strategy and the Minimum Revenue Provision Statement
- Treasury Management Practices – which set out the detailed processes and practices to be followed in order to deliver the Treasury Management Strategy

3.3 In addition to the above, there are a series of governance checks and controls carried out through the Finance and HR teams to ensure financial systems are operating effectively. These are supported by periodic Internal and External Audit reviews to provide appropriate assurance to those charged with governance or with the production of action plans where necessary. The Director of Internal Audit's Opinion and their annual report for 2018/19 provide substantial assurance that there is a good system of internal controls designed to meet the organisation's objectives and that controls are generally being consistently applied.

3.4 Further assurance is now provided through HM Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) which began its first annual assessment of fire and rescue services in 2018. This assessment examines the service's effectiveness, efficiency and how well it looks after its people. It is designed to give the public information about how their local fire and rescue service is performing in several important areas, in a way that is comparable with other services across England. The results for the Service are shown below with further details available on the HMICFRS website (www.justiceinspectrates.gov.uk/hmicfrs).



The extent to which the service is effective at keeping people safe and secure from fire and other risks is good.



The extent to which the service is efficient at keeping people safe and secure from fire and other risks is good.



The extent to which the service looks after its people **requires improvement**.

- 3.5 In summarising their findings, HMICFRS stated that *'We are pleased with most aspects of the performance of Cheshire Fire and Rescue Service in keeping people safe and secure. But it needs to improve how it looks after its people, to give a consistently good service'*.
- 3.6 In addition, they stated that *'The service is effective at keeping people safe and secure. It understands risk and is good at preventing it. The service makes good use of fire regulation to protect the public. Its response to fires and emergencies locally is good, and it responds well to national risks, too. The service is efficient. It uses resources well and it is affordable.'*
- 3.7 However, HMICFRS also noted that *'The service should improve the way it looks after its people. In particular, it must do better at: promoting the right values and culture; and ensuring fairness and promoting diversity'* but, acknowledged that the service *'is good at getting the right people with the right skills and at managing performance and developing leaders.'*

4. **Good Governance in the Fire Service**

- 4.1 In 2016, CIPFA, in association with various groups including representation of fire and rescue services, issued best practice guidance on Delivering Good Governance. It sets out seven principles of good governance which are illustrated below:



4.2 The ethos of the above is for principles A and B to permeate the implementation of principles C to G. It also illustrates that good governance is dynamic and that an organisation as a whole should be committed to continually improving through a process of evaluation and review. Each principle is considered from the Authority's and Service's perspectives.

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

5.1 The Service has developed a set of core values setting out expectations with respect to attitudes, behaviour and culture that is expected of everyone associated with the Service. The core values are:

- **Aiming for excellence:** Constantly seeking ways to improve the things that we do and the way that we do them
- **Developing and respecting our people:** Valuing our people and constantly developing their diverse range of talents, learning from all that we do
- **Delivering our promises:** Acting with integrity and taking personal responsibility for making the right thing happen
- **Putting customers first:** Ensuring that our people and communities are at the heart of all that we do, striving to meet their differing needs and expectations
- **Promoting equality and diversity:** Embracing diversity and finding ways to improve our services and the safety and prospects for individuals and communities
- **Working together:** Working in partnership with others for the future of Cheshire and its citizens

5.2 The Director of Governance and Commissioning is the Authority's Monitoring Officer as set out in section 5 of the Local Government and Housing Act 1989, whose role is to advise on the rule of law and ensure decision making is legally sound.

5.3 The Treasurer is the Officer appointed in accordance with section 151 of the Local Government Act 1972 and his role conforms with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015), with the Joint Head of Finance acting as his deputy.

6. **Principle B: Ensuring openness and comprehensive stakeholder engagement**

6.1 The Authority has a clear Consultation Strategy that sets out how and when it will consult with communities and other stakeholders. The Community Engagement Strategy includes guiding principles and explains how the Service will engage with its communities.

6.2 The Integrated Risk Management Plan (IRMP) sets out how the Authority intends to deliver the services each year, and is widely consulted on before it is finalised. The IRMP sets out the rationale behind planned activity including current performance and forecasts. The IRMP essentially reviews the effectiveness of previous activity and highlights any areas of focus for the coming year.

6.3 Consultation with stakeholders includes both staff and public events at various venues, a web-based questionnaire and consultation with stakeholders during which the proposed plans are put forward and feedback is requested. The results of consultation are published on the website and reported to Members before the IRMP is finalised.

6.4 Working in partnership with others is a key part of the Authority's ethos. For example, the Blue Light Collaboration involved bringing together most of the back office and professional services, which support the Service and Cheshire Constabulary, and establishing a single, shared headquarters site at Clemonds Hey. At the same time, the Police and Crime Commissioner for Cheshire now has been given the right to attend Authority meetings.

7. **Principle C: Defining outcomes in terms of sustainable economic, social & environmental benefits**

7.1 The Service's vision is a Cheshire where there are no deaths, injuries or damage from fires and other emergencies. The Integrated Risk Management Plan (IRMP) explains the approach the Authority will take to support this vision, given the context in which the Service operates, and sets out the planned activity to deliver and achieve the intended outcomes.

7.2 The IRMP specifies which activity will take place in each year, what the result will be and when there may be an impact. Performance indicators are agreed, setting out the projected performance and reported to Members and the public in line with the approved corporate planning and reporting timelines. The Service approach to risk is explained in its risk management policy, which is reviewed every three years, and risks to key projects are outlined and managed through the project management framework.

7.3 A Medium Term Financial Plan is produced annually, reviewed regularly and updated as necessary setting out the financial assumptions and demands upon the Service to highlight budgetary pressures and set out options to address any funding shortfalls to ensure

sustainability. From 2019/20, this has been supplemented by a Capital Strategy and Reserves Strategy.

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

8.1 The Constitution sets out a decision making framework which ensures that all decisions are supported by all relevant information, including financial, legal and other appropriate professional advice, that available options are considered and that internal and external stakeholders are consulted. All decisions are formally recorded and published subject to confidentiality requirements.

8.2 Progress against planned activity and projects is monitored and risks are reviewed regularly and reported quarterly to Performance and Overview Committee. Quarterly reports also include performance against targets for Key Performance Indicators (KPIs) as well as financial and project performance. If the circumstances in which the Service operates change, activity can be adapted accordingly. Decisions affecting Service delivery are delegated to officers in order to ensure they are able to react to changing circumstances quickly.

8.3 KPIs are set as part of the planning process and reported on every quarter. A Corporate Scorecard is produced showing performance against each of the KPIs. The corporate scorecard is published on the public website and the annual report is produced detailing the activity and performance of the Service. The following is an extract from the scorecard.

	Actual	Target	Q3 Year on Year	Q3 2017-18
Deaths in Primary Fires	1	0	↔	1
Injuries in Primary Fires	38	35	↓	51
Accidental dwelling fires	275	280	↓	289
- % starting in kitchens	54%	n/a	↓	168 (58%)
- % in homes with residents over pensionable age	16%	n/a	↓	58 (20%)
Deliberate fires (Primary and Secondary)	885	997	↓	1,012
Fires in Non Domestic Premises	120	128	↓	143
AFAs in Non Domestic Premises	328	456	↓	422

8.4 KPI data is generated from various internal systems and analysed by the Business Intelligence Team. The Team works closely with the Prevention, Protection and Service Delivery teams to provide data and analysis that highlights any current issues or emerging trends so that activity can be targeted and resources deployed effectively.

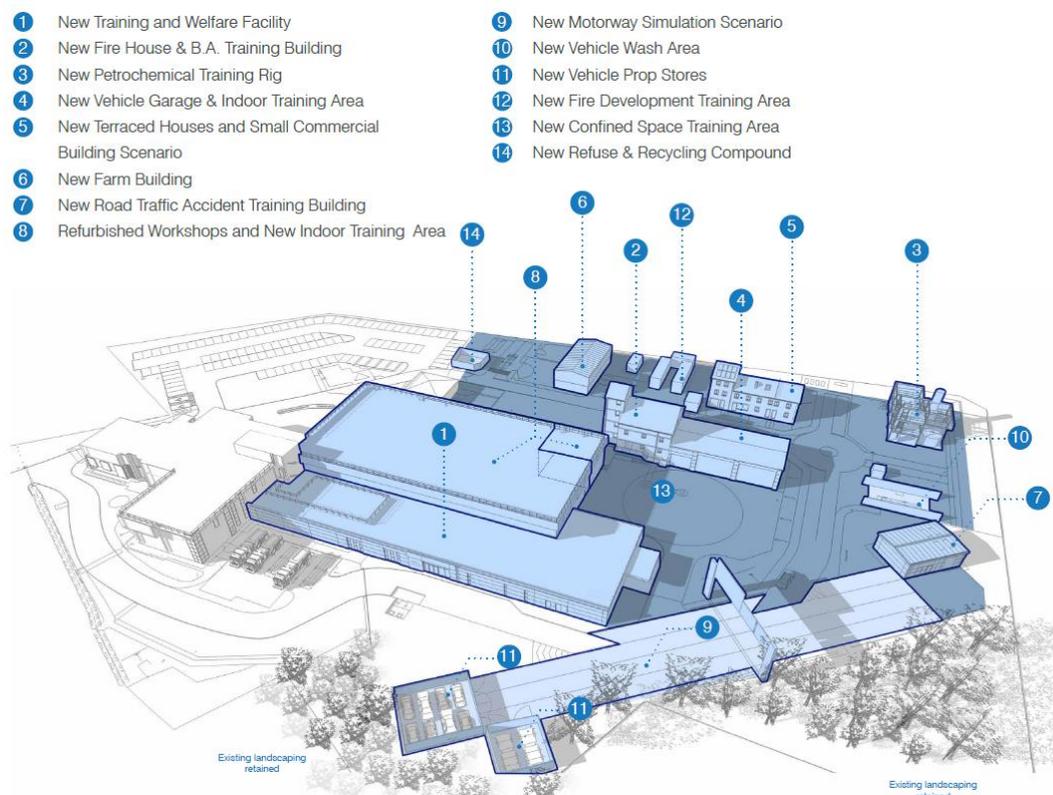
8.5 Budgets are prepared in accordance with the priorities set out in the IRMP and Medium Term Financial Plan which integrates and balances priorities, affordability and other resources. This ensures the budget process is all-inclusive, taking into account all costs of operations over the medium and long term.

8.6 Performance against budgets is monitored by the Performance and Programme and Budget Management Boards, which examine the progress against planned activity and spend against set budgets.

9. **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

9.1 The Authority has commenced work on a 'Whole Service Review' to align the provision of services to future resources and priorities. This review is currently ongoing and will set the future direction of the Service for the period 2020-2024. The review will be developed using the Service's Community Risk Management model and will be informed by incident data, risks, statistics, information sources and feedback, as well as the outlook for public finances. The Whole Service Review will also incorporate and expand on previously commissioned reviews, e.g. the crewing arrangements at Wilmslow and Penketh fire stations; the provision of the Authority's third aerial appliance and the second fire engine at Ellesmere Port. It will also include the outcomes of the review of the Protection department. The outcome will be subject to public consultation.

- 9.2 Ensuring the all firefighters are appropriately trained is a key priority developing and maintaining their skills, safety and capabilities. One way that this is achieved is through the Incident Command Training Suite (ICTS).
- 9.3 The suite is designed to provide all incident commanders with the opportunity to develop and practice the full range of decision-making skills required in the most realistic training environment possible. While there is always a need for practical skills training in using equipment to fight fires and rescue people from vehicles, the use of virtual reality facilities is also a vital element now and in the future.
- 9.4 The Authority has approved the building of a state-of-the-art firefighter training centre at its Sadler Road site. It will provide a state-of-the-art firefighter training centre that is fit for the future. The new training facility will provide ground-breaking technology and provide real-life scenarios, ranging from serious motorway collisions to dealing with building fires, keeping our firefighters highly-skilled and equipped to deal with a myriad of life-saving situations. The proposed layout is shown below.



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

10.1 There is a Risk Management Policy and Practitioner Guide used throughout the Service which is applied to projects, programmes and some planned departmental activity. All strategic risks are reviewed quarterly by the risk owners and six monthly by the Risk Management Board (RMB).

10.2 There is a well-established network of Risk Champions who promote good practice and ensure that risk is considered locally as part of regular team meetings. This network gains some real value in sharing of best practice and acting as a ‘peer group’ in the management and maintenance of risk.

- 10.3 Members and officers at all levels of the Authority recognise that risk management is part of their day to day job. An owner is allocated to risks on the risk register and they are responsible for regularly reviewing and managing the risks to which they are assigned. Risk training is scheduled every two years and forms part of the Member development and induction programmes.
- 10.4 Health and Safety risks are robustly managed via the Health and Safety Policies and Procedures and by the application of Standard Operating Procedures that are regularly reviewed and updated as necessary.
- 10.5 Within the strategic risk register, identified risks are scored based on both probability and level of impact, the outcome of which is rated using a Red, Amber and Green basis. Below is an example of a strategic risk linked to governance:

Risk	Mitigation	Rating
1. Competing demands on resources and achieving MTFP savings targets – Forecast of reducing funding in addition to decisions taken around service delivery will require savings. To achieve these whilst maintaining expected levels of service to the public will require a Whole Service Review.	Whole Service Review being undertaken, report due late 2019. Robust financial planning and the regular updating of a Medium Term Financial Plan – linked to Central Government’s Spending Review which is due in 2019.	Amber

- 10.6 The Service’s Performance and Programme Board (members of the Service Management Team) receives a quarterly review of performance against KPIs. The Board is responsible for monitoring and reviewing progress against performance targets and ensuring that action is taken wherever possible if targets are not being met. The performance reviews are also reported to the Performance and Overview Committee.
- 10.7 Financial performance is also reported to the Performance and Overview Committee on a quarterly basis. Budget Managers are provided with detailed information monthly and all financial activity is subject to audit. The Director of Internal Audit provides an annual assurance statement together with the External Auditor’s Annual Audit Letter both of which are published together with the Statement of Accounts on the website.
- 10.8 The use and disclosure of personal data is governed in the United Kingdom by the Data Protection Act 2018 (the Act) and the General Data Protection Regulation (GDPR). The Chief Fire Officer is a ‘data controller’ for the purposes of the Act and ensures that Cheshire Fire and Rescue Service handles all personal data in accordance with the Act.
11. **Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**
- 11.1 The Corporate Communications Strategy sets out the approach the Service will take to communicating with the public and other stakeholders. It recognises the need for different approaches for different audiences and the increased use of social media as a communications tool.

- 11.2 The Service's website includes details of performance, strategy, plans, financial statements and Annual Report. The Annual Report highlights key challenges and achievements from the year and includes performance and financial information set out in a simple but informative way. Members and Senior Management agree the report before it is published.
- 11.3 The process for assessing the Authority against this framework is agreed by the Governance and Constitution Committee. Evidence is reviewed yearly and an action plan is maintained highlighting areas for improvement. Progress against the action plan is reported to the Service Management Team and to Governance and Constitution Committee. The framework and the evidence supporting the assessment is included in the annual Statement of Assurance. Internal Audit review the assessment and evidence against at least two of the sections of the Code of Corporate Governance Framework each year and make recommendations for improvement accordingly.
- 11.4 As a public service organisation, the Fire Authority will use public funds prudently and apply the highest standards of conduct throughout the organisation. Under the remit of the Governance and Constitution Committee, the Authority has an Anti-Fraud Policy and Whistleblowing Policy and Procedure (Confidential Reporting) in support of this aim.
- 11.5 External assurance in terms of accountability is provided by both Internal and External Audit, HMICFRS reviews and partner reviews of collaborations. The Director of Internal Audit carries out his role in accordance with guidance issued in the CIPFA Statement on the role of the head of internal audit (2010).

12. **Review of Effectiveness**

- 12.1 As part of the on-going governance roles, each of the above principles is reviewed and evidence sourced to show effectiveness in terms of communications, actions, policies and procedures. This evidence is scrutinised and challenged by the Treasurer together with the Director of Governance and Commissioning.
- 12.2 These statutory roles have the responsibility to ensure the Authority has a sound system of governance (incorporating the system of internal control) and as such maintain the Authority's Code of Governance including financial regulations.

12.3 **Report on Areas for Action during 2018/19**

Within the 2017/18 Annual Governance Statement, the review of effectiveness identified three areas where further action was required. The following re-visits the actions and reports on the outcome in 2018/19.

Joint Corporate Teams – continue to develop the arrangements and relationships for the delivery of support services by the Joint Corporate Teams.

Update – The joint teams are at different levels of operational maturity, largely depending upon how long ago they were created and whether there have been barriers to their integration. There are many positive signs that the joint teams are performing as expected, but there is still a way to go on integration and in developing suitable performance monitoring arrangements. Work is continuing to ensure this moves forward through the Bluelight Executive Board, Joint Corporate Services Board and the production of service plans.

Partnership Governance Model – continue to embed the Partnership Governance Model and relaunch the revised policy.

Update – The revised partnership policy has been reviewed and amended as necessary, has been published and is available from the CorpDocs site. Communications in relation to the revised Policy appeared in the Green.

Awareness training for staff was programmed to be completed in April 2019. This has now taken place therefore, the action is now complete.

Budget Preparation and Management Processes – continue to develop and streamline the budget preparation and management processes.

Update – The Chief Fire Officer and Chief Executive led a review which considered spending compared to budget and the level of earmarked reserves. This resulted in the identification of sufficient savings to balance the budget and to finance other priorities.

Consideration will be given in 2019-20 to approaches that will further improve the alignment of resources with priorities.

During 2018-19, the quarterly budget monitoring reports to the Members have provided details of the proposed movements on reserves and secured Member approval. The 2019-20 Budget Report also provided greater clarity on the level and purpose of proposed contributions to and from reserves.

12.4 Areas for Action in 2019/20

The governance framework, internal controls and application of the principles have been reviewed during 2018/19 with the following areas highlighted as risks together with the mitigating actions required.

Financial Sustainability – forecast of reducing funding in addition to decisions taken around service delivery will require savings. To achieve these whilst maintaining expected levels of service to the public will require a Whole Service Review.

Action: Undertake a Whole Service Review. Robust financial planning and the regular updating of a Medium Term Financial Plan – linked to Central Government's Spending Review which is due in 2019. (Action Owners: Chief Fire Officer and Chief Executive and Treasurer)

People – HMICFRS reported that the service should improve the way it looks after its people. In particular, it must do better at promoting the right values and culture; and ensuring fairness and promoting diversity. In addition, there has been an inability to sustain sufficient level of experienced operational staff.

Action: Produce a People Strategy, action plan for those areas requiring improvement and undertake Exit Interviews to provide learning for retention purposes. (Action Owners: Director of Transformation and Head of Human Resources)

Collaborations – HMICFRS reported that this was an area for improvement. Its main concerns centred upon a consistent approach to the effective monitoring, review and evaluation of the benefits and outcomes of collaboration.

Action: Prepare an Action Plan concerned with existing collaborations and approach to future collaborative activity. (Action Owner: Director of Governance and Commissioning)

13. **Summary**

13.1 We propose over the coming year to take steps to address the issues identified above to enhance further the governance arrangements. We are satisfied that these steps will address the need for improvement as identified in the review of effectiveness and will monitor their implementations and operation as part of the next annual review.

Signed

CLlr Bob Rudd
Chair of Fire Authority

Mark Cashin
Chief Fire Officer and Chief Executive

Andrew Leadbetter
Director of Governance and Commissioning

On behalf of the Members of Cheshire Fire Authority and officers of Cheshire Fire and Rescue Service.