

## **ANNUAL GOVERNANCE STATEMENT**

### **1. Scope of Responsibilities**

- 1.1 Governance comprises the systems, processes, culture and values by which the Cheshire Fire Authority (the Authority) and Cheshire Fire and Rescue Service (the Service) direct and manage together, along with the activity through which they account to and engage with the people of Cheshire.
- 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 act as the formal representatives of their own 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](http://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 Finance, Equality & Diversity, 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 as those charged with governance, are exercised by the Authority meeting as a whole rather than be delegated to an Audit Committee. Internal audit activity is considered by the Performance and Overview Committee.
- 2.6 The above processes and meetings represent a standard year and have been followed until the outbreak of the Coronavirus pandemic. In response, the Government passed the Coronavirus Act 2020 on 25<sup>th</sup> March 2020 and introduced the 'lockdown' restrictions. Within this Act, provision was made for regulations to be issued to amend the legislation around authority meetings. These regulations - The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 – allow meetings to be held virtually.
- 2.7 In response to the above, the Authority amended and supplemented its constitution to enable virtual meetings to take place. The first such meeting was the Fire Authority which took place on 1<sup>st</sup> July 2020.

### 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 2019/20 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 carried out 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 high-level ratings for the Service are shown below with further details available on the HMICFRS website ([www.justiceinspectorates.gov.uk/hmicfrs](http://www.justiceinspectorates.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 Due to the Coronavirus Pandemic, all inspections by HMICFRS have been suspended and therefore the above rating remains in place. It should be noted, however, that significant progress has been made on action plans created in response to the areas requiring improvement.

3.6 With the need to swiftly act in terms of responding to the fast paced changes brought about by the pandemic, the suspension of some procurement rules were agreed with the Treasurer. These allowed immediate procurement of vital protective equipment etc., without delay, to support the Service’s response to the pandemic. All such purchases were recorded and regularly reported to the COVID-19 Meeting (attended by the Service Management Team).

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 Core Values inspire and guide how teams behave. They set out a platform to guide our current and future activities and help achieve our organisational priorities. The previous Core Values were introduced ten years ago and a review has been undertaken to assess whether these values are still relevant and would stand the test of time for future aspirations of the Service.

5.2 Staff have been at the heart of the development of the new Core Values through conferences, a staff engagement forum and the last staff survey. This engagement was a vital part of the review as one of the main aims was to ensure the Core Values remained relevant so that the Service and individuals could identify with them.

5.3 As a result of the review, the new set of Core Values have been developed and approved by the Authority. They are:

- **Be inclusive** – by acting fairly, with integrity, respect and without prejudice
- **Do the right thing** – by holding each other to account for ensuring high standards of professionalism in everything we do
- **Act with compassion** – by being understanding and offering help to each other and to our communities with warmth, patience and kindness
- **Make a difference** – by making an impact in our organisation and in our communities in whatever ways we can, for as many people as we can

5.4 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. The Monitoring Officer is a qualified solicitor and is supported by the Joint Legal Services Team that includes a number of professionally qualified legal officers.

5.5 The Treasurer is the Authority's "Chief Financial Officer", as defined by CIPFA and as set out in section 151 of the Local Government Act 1972, whose role is to ensure the proper administration of the Authority's financial affairs. The Treasurer is a qualified accountant and is supported by the Head of Finance (who is also the Deputy S151 Officer) and by the Joint Finance Team that includes a number of professionally qualified finance officers.

5.6 The two Statutory Officers have collective meetings on a regular basis with the Chief Fire Officer and Chief Executive to ensure that robust governance arrangements are maintained and to consider potential future policy decisions, ensuring that these are consistent with available resources. These Statutory Officers, or their representatives, review all proposals that are to be submitted to meetings of the Authority and its various Committees and these officers, or their representatives, attend such meetings.

## 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 over a period, and is widely consulted on before it is finalised and approved by the Authority. 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 future. An annual action plan is created.
- 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 and approved.
- 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 in a single, shared headquarters site at Clemonds Hey, Winsford. At the same time, the Police and Crime Commissioner for Cheshire now has been given the right to attend Authority meetings.
- 6.5 As part of the virtual meeting arrangements brought in as a response to the pandemic mentioned in paragraph 2.7, members of the public are able to access Authority meetings from the Service's YouTube account.

## 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. The Plan is 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	Q4 Year on Year	Q4 2018-19
Deaths in Primary Fires	6	0	↑	1
Injuries in Primary Fires	39	51	↓	57
Accidental dwelling fires	318	371	↓	363
- % starting in kitchens	179 (56%)		↓	190 (52%)
- % in homes with residents over pensionable age	60 (19%)		↓	63 (17%)
Deliberate fires (Primary and Secondary)	928	1,084	↓	1,083
Fires in Non Domestic Premises	163	166	↓	166
AFAs in Non Domestic Premises	514	465	↑	434

- 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 carried out a ‘Whole Service Review’ to align the provision of services to future resources and priorities. The review was developed using the Service’s Community Risk Management model and was informed by incident data, risks, statistics, information sources and feedback, as well as the outlook for public finances. The outcome of this extensive review has informed the recently approved IRMP.
- 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 approved the building of a 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. Although the pandemic has had some impact on the building works, it is anticipated that the centre will be operational early in 2021.
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 With the high level risks of the pandemic and the speed with which changes were made in response to the virus, there was an increase in risk to officer safety; operational cover and provision; and the financial impact on the organisation. In response, the Authority set up a COVID-19 Group which initially met daily. This Group provides strategic direction and guidance



and agrees policies to allow the organisation to deliver operational functions and those additional services that can safely be delivered during the pandemic.

- 10.5 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.
- 10.6 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.
- 10.7 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.
- 10.8 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.
- 10.9 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). The overall Director of Internal Audit's opinion for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 provides Substantial Assurance, confirming that there is a good system of internal control designed to meet the system objectives, and controls are generally being applied consistently.

## 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 2019/20**

Within the 2018/19 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 2019/20.

**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 Owners: Chief Fire Officer and Chief Executive and Treasurer)

UPDATE: The Whole Service Review was requested by the Authority to align the provision of services across our prevention, protection and response functions to future risks, resources and priorities. The review sets the future direction of the Service for the years from 2020-2024. It was developed using our Community Risk Management model and informed by incident data, risks, statistics, information sources and feedback, as well as the outlook for public finances.

The Review was developed with the feedback of trade unions, staff and fire authority members, as well as considering feedback from previous public consultations. It incorporates and expands on previous reviews and has been reflected in the current IRMP.

In addition, the Service has introduced Priority Based Budgeting that analyses in-depth each department's resources and service provision to ensure budget is aligned to the approved priorities as set out in the IRMP.

**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. To address these issues, the Service will produce a People Strategy and undertake Exit interviews to provide learning for retention purposes. (Action Owners: Director of Transformation and Head of Human Resources)

UPDATE: A People Strategy has been approved and new Core Value have also been adopted. A process exists to encourage the completion of exit interviews.

**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. In response the Service will prepare an Action Plan concerned with existing collaborations and approach to future collaborative activity. (Action Owner: Director of Governance and Commissioning)

UPDATE: A Collaboration Strategy has been approved. Evaluations of key collaborations have been taking place, with others evaluations due to take place. There is an ongoing focus on the Blue Light Collaboration arrangements.

#### 12.4 Areas for Action in 2019/20

The governance framework, internal controls and application of the principles have been reviewed during 2019/20 with the following areas highlighted as risks together with the mitigating actions required.

##### Coronavirus

The Service has, like all organisations, been significantly impacted by the pandemic. Whilst it has had very low sickness levels and seen no impact on its front-line operational capabilities, a range of its other core activities, e.g. prevention and protection, have been curtailed.

##### Action:

A robust recovery plan is being created, which will be communicated and delivered as appropriate.

The Medium Term Financial Plan will need to be updated regularly as the financial scenario becomes clearer.

##### Nationally-led Change

The fire and rescue sector is anticipating significant change in the near future. HMICFRS inspections and events like the Grenfell Tower tragedy have created an interest in fire and rescue services and an impetus for change.

##### Action:

The Service Management Team will monitor developments and allocate responsibility to appropriate officers. The teams that are impacted will be suitably resourced in order to respond effectively.

## Collaborations

Whilst an action plan was created to respond to the area for improvement, not all aspects have been completed at this point, e.g. not all key collaborations have been assessed.

### Action:

To complete the actions contained in the action plan and embed the practices that are required in order to support the effective delivery of activities carried out through collaboration.

## 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.