

DERBYSHIRE FIRE AND RESCUE AUTHORITY

ANNUAL GOVERNANCE STATEMENT 2020-2021

Scope of Responsibility

Derbyshire Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted an updated Code of Corporate Governance, which is consistent with the principles of the **CIPFA/SOLACE** Framework.

“Delivering Good Governance in Local Government.”

Included within the Code are the following core principles: -

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

(A copy of the code, setting out the core and supporting principles, what the Authority commits itself to do and how it will do this can be found on our website at:

<https://www.derbys-fire.gov.uk/about-us/governance>

This statement explains how the Authority has complied with the code and also meets the requirements of regulation 6(2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The Governance Framework has been in place at the Authority for the year ended 31 March 2021 and up to the date of approval of the 2020/21 Statement of Accounts.

The Governance Framework

The key elements of the Authority's Governance Framework include:

- a) The Members' Handbook which includes key documents such as the Standing Orders, Scheme of Delegation, Code of Corporate Governance, and the Members' Code of Conduct which form part of the Authority's Constitution which sets out the Authority's powers, services and the procedures to be followed to ensure that decisions made by the Authority are transparent and properly accounted for.
- b) The Authority operates a Working Group structure aligned to strategic objectives, with agreed Terms of Reference:
 - **Governance and Performance Working Group (GPWG)** which provides scrutiny as to the adequacy and effectiveness of the Authority's internal and external audit service and risk management arrangements, and which operates in line with the core functions identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.
 - **Members' Standards Committee** – to provide advice and training for Members and Co-opted members regarding matters relating to the Members' Code of Conduct and ethics.
 - **Inclusion and Equality Forum** - to monitor and constructively challenge performance, progress against objectives in the Diversity & Inclusion Strategy and associated Fire and Rescue Service Equality Framework.

- **Local Pension Board** - as required under The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, was formed in 2015 to oversee compliance in the operation of the Firefighters' Pension Schemes (FPS). The Board usually meets quarterly but due to Covid restrictions and more frequent informal meetings with the Board Chair due to specific FPS workstream demands, the Board formally met twice during 2020/21.

The Board's governance oversight during 2020/21 concentrated on two major workstreams.

Firstly, the contract for FPS Pension Administration in respect of the Tri-Service Boards was transferred from Leicestershire County Council to West Yorkshire Pension Fund (WYPF). This followed a lengthy formal procurement process and close working between the two Administrators and three fire and rescue authorities for a prolonged period to ensure a seamless, effective and wholly accurate implementation and transfer of service. The Board was appraised of progress and provided with evidence of assurance in respect of contract negotiations and implementation activities throughout the process. This was provided both via formal Board meetings and regular informal meetings between the Board Chair and advisers. The service transferred successfully to WYPF on 1 December 2020.

The main emphasis of FPS governance during 2020/21 has been in relation to the national Sargeant/McCloud Transitional Protection Employment Tribunal outcome and the subsequent requirement for an effective remedy to implement the Judgment.

The Board's Chair has held frequent discussions with the Board's advisers throughout the year to ensure Derbyshire Fire & Rescue Service (the Service) can enable the effective delivery of a risk-mitigated remedy, particularly with respect to those FPS members in "Immediate Detriment". Board members and advisers have been attendees on many national groups created to support or lobby government in its design of a remedy. The Board has been a key contributor to these national meetings and has provided detailed written formal responses to government proposals, identifying gaps, and recommending potential solutions.

- c) The Governance and Performance Working Group (GPWG), as well as the Authority itself, received regular reports on the Service's performance arrangements. Annual Performance and engaging easy to read Quarterly Performance Reports are published on our website and shared through social media channels.
- d) An approved Corporate Risk Register is reviewed at GPWG, which monitors risk and makes recommendations to the Authority when necessary.
- e) An approved '**Local Code of Corporate Governance**' in accordance with the CIPFA/SOLACE Framework for Corporate Governance.

- f) The designation of the Chief Fire Officer as Chief Executive responsible to the Authority for all Fire and Rescue matters.
- g) The designation of the Deputy Chief Fire Officer (DCFO) responsible on behalf of the Chief Fire Officer/Chief Executive for ensuring that Health and Safety is adopted within the strategic management and decision making processes of the Service.
- h) The designation of the Solicitor as Monitoring Officer with the requirement to report to the full Authority if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration.
- i) The designation of the Joint Director of Finance and Business Services responsible for ensuring lawfulness and financial prudence of decision making. The joint role and financial management arrangements align with requirements set out in CIPFAs Statement on the Role of the Chief Financial Officer in Local Government.
- j) The designation of the Director of Corporate Services responsible for ensuring future resilience of decision making, assurance and day to day running of the Service in the event of a major incident.
- k) Clear management structure within the Service. The Strategic Leadership Team (SLT) is responsible for determining policy, monitoring performance and developing service plans in line with the Authority's overall strategic objectives and is assisted in this process by the Service Management Team (SMT).
- l) Financial Planning process which includes the Medium Term Financial Strategy and Plan. Compliance with data transparency requirements, including publication of all key documents, meeting agendas and minutes, the Pay Policy Statement, and a publication scheme on the internet.
- m) In accordance with the Service Planning Cycle "Our Plan" (also known as Integrated Risk Management Plan (IRMP)) for 2020/23 is a three year plan linked to financial planning.
- n) "Our Plan" (IRMP) 2020/23 takes account of the requirements of the 2018 Fire and Rescue National Framework for England, providing an assessment of the risks facing our communities and personnel, and the measures taken to mitigate those risks. Our Plan (IRMP) describes our aims, priorities, equality objectives and values, setting out our ambitions and how we will deliver them in the medium term. The current plan covering 2020-2023 can be found on our website at: <https://www.derbys-fire.gov.uk/about-us/corporate-plans>
- o) The Annual Action Plan details the work to be carried out to deliver the strategy set out in "Our Plan". The current plan covering 2020/21 was approved this year and can be found on our website at: <https://www.derbys-fire.gov.uk/about-us/corporate-plans>

- p) Staff are informed of the Whistleblowing Policy which is available on the internal intranet and also published on the external website together with well-publicised arrangements for dealing with complaints. There were no whistleblowing complaints received in this reporting period, but the Service recorded nine complaints from members of the public for this reporting period. The majority of complaints resulted in corrective action and information sharing between departments for service improvement.
- q) A Joint Police and Collaboration Board was established as a primary forum for consideration of collaboration opportunities and any strategic issues in relation to the Derbyshire Emergency Services Collaboration (DESC) between the Police and Crime Commissioner for Derbyshire, the Chief Constable and the Derbyshire Fire and Rescue Authority.
- r) Staff at all levels within the Service have been actively engaged and consulted with during 2020/21 in the form of Monthly WebEx sessions with the DCFO and DoCS, a Virtual Engagement Forum with CFO and SLT. SLT Station and Department meetings have taken place both virtually and in person according to government guidelines relating to COVID-19. The outcomes have been considered and areas included in portfolio action plans to ensure areas raised by staff are included in the future development of the Service.
- s) Member Development Days during 2020/21 included updates and plans on the following topics:
- Finance
 - Assets Strategy
 - Fleet Strategy
 - Water Rescue
 - Action Plan on Grenfell Tower Inquiry recommendations
 - Protection
 - New Station Builds and Co-locations
 - Year 2 Action Plan
 - HMICFRS Inspection Action Plan
 - HMICFRS Covid Inspection Outcomes

As part of the workforce planning, investment has been made in the training and development of our senior leaders. Chief Fire Officer Tomlinson is undertaking the National Leadership Centre Programme which brings together a selection of the UK's most senior leaders from across the spectrum of the public services for a 12 month development programme.

Through a Member 'Buddy' system each Authority Member and the Police and Crime Commissioner (PCC) is partnered with a member of the Strategic Leadership Team (SLT) for knowledge sharing and informal discussion on the work of the Service.

- t) The DCFO chairs the Health and Safety Committee and ensures the Service has robust internal controls, including appropriate targets to measure its performance and systems for review and learning, which in turn sets a positive safety culture.
- u) An approved Treasury Management Strategy and Prudential Indicators.
- v) An approved Derbyshire Fire and Rescue Authority Performance and Risk Framework supported by the Performance and Risk Framework Policy.
- w) A Protective Marking Scheme (based upon the Her Majesty's Government Security Policy Framework 2018).
- x) Awards received by DFRS:
 - 2020 Engage Awards – Best Employee Wellbeing Strategy
 - 2020 ENEI Awards – LGBT+ & Allies Network – Highly Commended
 - Women in the Fire Service (WFS) Awards 2020 - Woman Firefighter Rising Star
 - Women in the Fire Service (WFS) Awards 2020 – 'Bright Light' runner up
- y) A joint Property department for Derbyshire Police (DP) and the Service was approved and started in early 2020. A subsequent restructure was started but could not be completed due to the impact of the Covid pandemic. Until recently five of the new posts have had to remain vacant but this is now being addressed.
- z) Consultation took place on our Council Tax Precept for 2021/22. The responses were considered by the Authority when deciding on the Precept in February 2021.
- aa) In line with legislative requirements, the Service published its Gender Pay Gap Report by 31 March 2021.
- bb) A comprehensive suite of strategies and policies are in place and are regularly reviewed.
- cc) The Service's Programme Board provides oversight across service wide projects and corporate programmes of work chaired by the DCFO.
- ee) A Communication Strategy and Consultation Strategy are in place for employees and stakeholders.
- ff) A Statement of Assurance and Annual Report (Our Year) set out the Authority's priorities and show how the Authority spent money on achieving these during the last financial year.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. Each year the Monitoring Officer produces an annual report to the Authority

commenting on aspects of governance and assurance on decision-making and legal and ethical issues. The review of effectiveness is informed by the work of the GPWG within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditors annual report, and also comments made by the External Auditors and other review agencies and inspectorates.

In maintaining and reviewing The Effectiveness of The Authority's Governance Arrangements the following have been considered: -

- Integrated Risk Management Plan named 'Our Plan 2020-2023'
- A revised Annual Service Plan has been agreed for 2020/21, providing clarity, on our priorities set out in Our Plan, and sets out the projects and actions that will be delivered, developed, or reviewed during the coming year against each of our priorities. This is supported by Portfolio Delivery Plans and area and local performance groups to ensure performance targets are met.
- A comprehensive service review process is in place, comprising external views in the form of HMICFRS inspection recommendations, peer assessment reports, Operational Assurance review, external audit reviews, internal audit reviews and internal reviews undertaken by our own staff.
- In October 2020 inspectors from HMICFRS carried out a Covid-19 inspection of the Service at the request of the Home Secretary as part of a national Covid-19 Inspection Programme to see how fire and rescue services were responding to the Covid-19 pandemic. The inspection focused on preparedness, how the statutory functions of prevention, protection and response were being carried out, staff health, safety and wellbeing, how fire and rescue services have worked with partners, use of resources, governance and looking to the future. The Service received a positive Covid-19 inspection report from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), acknowledging the increased availability of On-Call firefighters, the improved response times, the prioritisation of staff wellbeing and the additional support given to the community during the first phase of the Covid-19 pandemic.
- GPWG has continued its scrutiny reviews for the period 2020-21 as follows:
 - Collaboration projects
 - HMICFRS Inspections
 - Actions on HMICFRS Recommendations
 - Procurement of HR/Payroll System
 - Review of Service Contracts
 - Workforce Planning
 - Recovery from the Covid-19 pandemic
 - Corporate Risk
- The Standards Committee has met on three occasions since the last Annual General Meeting. It has considered the proposals for the future safeguarding of conduct for the elected members with training and/or updates being provided to Members at each meeting. The Standards Committee has reviewed the

Members' Code of Conduct but there have been no complaints against Members and the Standards Committee has not had to consider any complaints of breaches of the Members' Code of Conduct.

- In 2020/21 one case was successfully prosecuted with costs awarded. A further case was successfully prosecuted in April 2021. As a result of fire investigations and routine Fire Safety Audits there are currently five cases being prosecuted and several cases are being considered for prosecution under the Regulatory Reform (Fire Safety) Order 2005.
- A Risk Management Strategy and performance framework ensures that risks to the Service's objectives are identified and appropriately managed.
- Comprehensive Business Continuity arrangements are in place and tested on a regular basis. Following recommendations from the internal audit, arrangements have been put in place for a new business continuity online exercise register which allows for remote auditing and shared learning Service wide together with a new Business Continuity e-learning platform.
- An Operational Assurance Team undertake a programme of Service wide station assurance visits to identify areas for improvement. These are tracked through to completion with improvements being publicised through a regular newsletter, thus enhancing operational preparedness, operational response, and operational learning.
- Central Midlands Audit Partnership are the appointed Internal Auditor. They have reached the overall opinion that there is a 'Satisfactory System of Governance, Risk and Internal Control'. Findings indicate that controls are satisfactory, although some enhancements are recommended. The Audit Plan for the period 2020/21 covered:
 - Main Accounting System
 - FireView
 - Business Continuity
 - Treasury Management
 - Payroll
 - Data Recovery Capabilities
 - Data Quality & Performance Management
 - Joint Contracts Review
 - Corporate Credit Cards
 - Workforce Planning*
 - Risk Management*
 - Joint Working Arrangement*
 - IT Business Continuity*

*note carried forward from 2020-21 to 2021-22
- Ernst & Young LLP are the appointed External Auditor. We await an audit opinion for the period 2020/21. Ernst & Young LLP's external Audit Plan summarises their initial assessment of the key risks driving the development of

an effective audit for the Authority and outlines their planned audit strategy in response to those risks.

The effectiveness of the Governance Framework is considered throughout the year by SLT, GPWG and the Authority. Much of this is discharged through internal reports such as the quarterly Financial Accounts and the quarterly Performance Reports as well as the work of Internal and External Audit. Any significant issues are captured via the Risk Management System and considered by the Authority where appropriate. All reports can be viewed on our website: <https://www.derbys-fire.gov.uk>

Significant Governance Issues and Risks

Authority Meetings

Following Government guidelines during the Covid-19 pandemic, the Authority meeting on 26 March 2020 was cancelled. [The Local Authorities and Police and Crime Panels \(Coronavirus\) \(Flexibility of Local Authority and Police and Crime Panel Meetings\) \(England and Wales\) Regulations 2020](#) came into force on 4th April 2020. The Authority's Annual General Meeting on 18 June 2020 was postponed to 24 September 2020. The Authority meetings from 23 July 2020 were held remotely by video conferencing and full Authority meetings were live streamed. In accordance with the provisions of the Authority's Constitution any decisions made using the delegated powers of the Chief Fire Officer/Chief Executive under section 3 of the Scheme of Delegation were reported to the next appropriate and available meeting. Prior to making the decisions the Chief Fire Officer/Chief Executive consulted with the Chair and Vice Chair of the Authority in accordance with the Scheme of Delegation.

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 has been moved to 22 July 2021.

Consultation

The Service consulted with the public during the financial year 2020/21 relating to the Council Tax Precept. Engagement with community groups took place virtually.

Corporate Risk

Following the internal audit for Corporate Risk, a new Corporate Risk Register was introduced and reported to GPWG by the Director of Corporate Services, who will monitor and make recommendations to the Fire Authority where necessary.

Covid-19

The effect of Covid 19 was most significantly felt by the service towards the end on 2019/20 and into 2020/21. The service moved swiftly to develop and, following the Governments advice, introduced several service changes to ensure continuity of essential emergency service provision whilst safeguarding both the public and staff. Stakeholder engagement took place virtually where possible, and a review of these alternative communication methods will be carried out. The changes made, significantly affected the activities undertaken by the Authority and the structure of service delivery in operational areas.

The swift response helped to minimise the impact of the virus on services. The additional costs incurred relating to investment in PPE, ICT and cleaning material were all contained within the additional Covid support grant received from the Government. The Service was further able to use the additional funding for wider community support including Pharmacy deliveries, driving for EMAS, vaccination centres and surge testing. The service is now looking to recovery and a return to normal in line with the government's road map and timetable.

A Covid review team was set up to meet daily to ensure consistency in our covid response. This team dealt with the Service's test and trace system, personal risk assessments and exceptional circumstances, the lateral flow test roll out and communication to the workforce on Covid. A subgroup of the Health and safety Committee was set up, made up of a member of Safety and Risk Management, Service Delivery, Corporate Services, People and Wellbeing and a member of the representative body. It met weekly to oversee safety implications and impacts of Covid, and all risk assessments for Covid were discussed at this meeting. Risk assessments were written for all aspects of work carried out during Covid, along with the production of risk cards which presented information in an aide memoir format. The full health and Safety committee continued to meet quarterly to deal with statutory and moral duties of the Service.

Finance

The Medium Term Financial Plan (MTFP) outlines the assumptions, including pay and inflation increases, growth and savings, contained within budget estimates. The most significant financial impact of the virus will be on future income and government funding. At present the longer effect on future NNDR and Council Tax income is unknown. Sensitivity analysis and scenario planning are being used to plot the potential impacts on the services future MTFP.

The government has provided significant funding to combat the virus and support individuals, businesses, and front-line services. It is estimated the impact on the services Council Tax and NNDR income for 2020/21 is over £1m, which will be compensated for through additional grant funding. However, the level of ongoing government support and the effect of any potential measures introduced to help fund the national Covid 19 bill are currently unknown. Further uncertainty remains as the service awaits the fair funding review and the retained business rate review. Both of these areas have the potential to significantly affect the future financial position of the service.

Financial Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in October 2019. The FM Code provides guidance for good and sustainable financial management in public sector organisations, giving assurance that authorities are managing resources effectively. Compliance with the code is required in 2021/22.

The FM Code requires organisations to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable. It identifies risks to financial sustainability and introduces a framework of assurance. The framework builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom.

A review of current established processes against the FM code principles resulted in the services scoring well and the majority of elements identified as 'Green'. Where improvements can be made to other areas the service will put in place plans to fill any gaps.

HMICFRS

Preparations now underway to prepare for the next HMICFRS inspection scheduled for Spring 2022. This includes a gap analysis against the HMICFRS judgement criteria and the new approved Fire Standards. This will be monitored through the SLT and SMT.

Action Plans

Work has been undertaken in relation to recommendations highlighted by incident debriefs and independent reviews and inquiries such as: the Kerslake Report, which was an independent review into the preparedness for, and emergency response to, the Manchester Arena attack on 22nd May 2017; and the Grenfell Tower Inquiry Phase 1 Report into the fire at Grenfell Tower on 14 June 2017. The independent reports identified several major areas for learning and made recommendations for Emergency Services and for multi-agency working.

Pension Remedy implications

With regard to the Transitional Protections Pensions Claims and 'Immediate Detriment' claims, discussions are due to take place about a framework to resolve all retrospective and prospective immediate detriment cases. With pressure to remedy cases swiftly at a local level it may be necessary to make a decision on prospective immediate detriment cases. Consideration will be given to resolution of these cases, having regard to the risks and the framework principles once agreed, with a view to ensuring that those cases that can be remedied quickly will be done so fairly and in a consistent way.

Improvement Areas

Whilst no significant governance issues were identified, the following new areas for improvement, are listed below.

HR System
M365 System
Business Continuity
FRA paperless and M365 (virtual)

We continue to proactively identify collaborative opportunities with the Police, Fire, and other bodies. This financial year has been a challenge to expand collaboration opportunities due to the Covid-19 Government restrictions and additional challenges faced by our partners.

Corporate Action Plans and gap analysis now underway for the approved Fire Standards for Response Driving; Operational Competence; Operational Learning; Operational Preparedness and Code of Ethics.

Conclusion

Based on the review of the sources of assurance set out in this statement, we are satisfied that Derbyshire Fire and Rescue Authority and Derbyshire Fire and Rescue Service has in place a satisfactory system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Annual Governance Statement is therefore recommended to the Authority for approval.

Signed:



Councillor Trevor Ainsworth - Chair of Derbyshire Fire & Rescue Authority

Signed:



Gavin Tomlinson – Chief Fire Officer / Chief Executive of Derbyshire Fire & Rescue Service