Annual Governance Statement 2015/16

Scope of Responsibility

Buckinghamshire & Milton Keynes Fire Authority is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding the public funds and organisational assets. There is also a responsibility for ensuring that the Authority is administered prudently and economically and that resources are applied efficiently and effectively, which includes arrangements for the management of risk.

Buckinghamshire & Milton Keynes Fire Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how Buckinghamshire & Milton Keynes Fire Authority has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the review of its systems of internal control and the publication of an annual statement on its governance.

The Purpose of the Governance Framework

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it 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 achievements of the strategic objectives of Buckinghamshire & Milton Keynes Fire Authority, to evaluate the likelihood of those risks being realised and the impact should they occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The governance framework derives from six core principles of good governance set out in the CIPFA/SOLACE guidance which was updated in 2007. The six core principles which underpin good governance are:

1. *Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area*

The Public Safety Plan 2015-20 sets out the detailed future improvements of the services provided by the Authority to the community within the constraints that it faces whilst managing risk. The community was consulted and actively encouraged to engage in debating the issues and priorities set out in the plan, allowing the public to hold the Authority accountable for its decisions and actions in an open and transparent manner. The Public Safety Plan is available on our website at:

http://bucksfire.gov.uk/files/8114/2116/4524/2015_-_20_PSP_Updated_after_17_Dec_CFA.pdf

A fundamental element of the Public Safety Plan is ensuring service delivery is linked closely to local requirements. A service delivery directorate plan covers the Milton Keynes and Buckinghamshire Area, supported by individual Station Plans. Operational staff work within the same teams as their protection and prevention colleagues leading to a more joined up approach. This has led to notable achievements in helping the most vulnerable people in our communities through the "safeguarding" procedures; working

collaboratively internally as well as with local authorities to improve the lives of those most in need of support, and those who most often fall through society's "safety nets".

The 2015–20 Public Safety Plan was presented to the Fire Authority for approval in December 2014 following a public consultation. This plan supersedes the previous 2012-17 plan and took effect from April 2015.

2. *Members and officers working together to achieve a common purpose with clearly defined functions and roles*

The respective roles and responsibilities for members and officers are set out in the Combination Order (the statutory instrument that formed the Fire Authority in 1997). There are two ordinary committees of the Fire Authority: The Executive Committee, and the Overview & Audit Committee. There are terms of reference for each committee and the role of the lead members has been developed over recent years.

Members of the Fire Authority are also members of either Buckinghamshire County Council or Milton Keynes Council. Some members may also be members of district councils with which we may be working, or voluntary agencies. Members are reminded of their responsibility to declare interests at each meeting. There is a scheme of delegation from the Authority to the Chief Fire Officer and statutory officers. The Chief Fire Officer is also the Chief Executive of the Authority.

The Authority's Member:Officer Protocol sets out the respective obligations and expectations and contains a reminder of the Authority's core values. These were revised and approved by the Overview and Audit Committee at its meeting on 11 March 2015 for recommendation to the Fire Authority on 10 June 2015. These can be found at the following link:

http://bucksfire.gov.uk/files/8414/1053/3511/Protocol_on_Member_and_Officer_Relations_v2_Sept_14.pdf

The Authority approved and adopted its current Pay Policy Statement in December 2015 setting out its policies on the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. This is reviewed at least annually.

The Authority has identified and recorded all partnership arrangements. All partnerships are the subject of formal agreements ensuring that these articulate legal status; respective liabilities and obligations; governance and audit; dispute resolutions and exit provisions. A review of partnership arrangements has been undertaken.

In Buckinghamshire & Milton Keynes Fire Authority the Chief Finance Officer and Monitoring Officer are both members of the Strategic Management Board, helping to develop and implement strategy and to resource and deliver the organisation's strategic objectives. All material business decisions are taken by the Strategic Management Board (SMB) or by Members. Papers submitted for decision-making purposes must be referred to the Chief Finance Officer and the Monitoring Officer for financial and legal scrutiny prior to any decision being taken. The Chief Finance Officer, supported by the Chief Fire Officer leads the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and

effectively. This is achieved by a finance team that is suitably resourced, professionally qualified and suitably experienced.

There are nominated lead Members for various work streams and departments. This collaborative approach ensures levels of trust, confidence and awareness constantly improve for the benefit of the public and the service.

3. *Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.*

Managers and supervisors at all levels have received formal leadership development over the last few years. This is continual rolling process and most recently this has covered supervisors with a three day supervisory management leadership programme delivered by an external provider. The Authority Training Needs Analysis (TNA) process assesses the needs for this type of training at least annually. For 2016/17 two programmes have been approved for new crew commanders and support staff.

Performance appraisal year end reviews assess management and leadership behaviours.

The Authority Values have also been displayed across all sites on new policy posters rolled out in early 2016.The maintenance and promotion of high standards of its Members is within the purview of the Overview and Audit Committee.

To ensure legal compliance and to avoid a conflict of interest arising, the Authority retains a panel of ten "Independent Persons" shared amongst five other authorities for the purposes of assisting both an individual member and the Authority itself in the event of an allegation being made that a member has breached the Authority's Code of Conduct.

http://bucksfire.gov.uk/files/3314/0732/6551/10CODEOFCONDUCT.pdf

4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*

To support the service there are structured meetings at all levels within the service, with appropriate delegated authority. Timelines are in place so that SMB and Member meetings will be followed by Directorate and then team meetings to ensure the flow of information throughout the whole organisation. Although this is an evolving process, the culture is steadily changing so that minutes from meetings are available both internally and externally through the website.

Further developments to improve the effectiveness and transparency of decision making within the Service were made following the launch of new internal, officer 'boards' aligned to the Authority committee structure. These comprise:

- A Strategic Management Board, which replaced the previous senior officer meetings and focuses on strategic direction, strategic risk and acts as a gateway to the Fire Authority;

- A Performance Management Board which focuses on in year performance against agreed targets and budgets;

- A Business Transformation Board which focuses on strategic change and project portfolio management.

All Directorates have their own risk registers which are regularly reviewed at Directorate meetings. Corporate risks are reviewed quarterly by the Performance Management Board, monthly by the Strategic Management Board and by Members at each Overview and Audit Committee meeting. An audit of the Authority's corporate risk management processes took place in 2014/15, the findings of which were reflected in the Corporate Risk Management Policy. This was approved by the Overview and Audit Committee on 11 March 2015 for recommendation to the Executive Committee on 18 March 2015, and the policy was formally adopted at that meeting.

In addition to the development of performance software to improve service delivery, the integrated HR and Finance (SAP) system has improved controls identified as weaknesses in previous audits; for example staff absence recording and the inputting of turnouts and attendance at incidents.

This improved control has supported managers to significantly improve attendance levels. It also ensures that the management and administration of employee benefits and payments are linked to establishment control through an integrated system with the approved budgets and the financial ledger. The data extraction process from the HR (SAP) system has also improved the provision of management information to support decision making on issues related to workforce planning.

During 2014/15 the service also undertook a significant amount of work to link the on-call availability system to SAP. This system went live in early 2015/16 and eliminated the need for the manual recording and input of absences, turnouts and attendances for all on-call staff. The planned roll out to all firefighters and support staff during 2015/16 was postponed so that it could be aligned with the implementation of the new ERP system.

We have continued the shared service arrangement with Royal Berkshire Fire Authority for procurement. The team are continuing to work on the implementation of Contract Management (CMF) and Supplier Relationship (SRF) Frameworks. New software under a national initiative is being piloted and this, alongside the existing electronic ordering technology will ensure a continued and more effective proactive, open and transparent approach to procuring supplies and services. Contract Standing Orders for both Fire Authorities were aligned to ensure the most cost effective outcome is achieved; all contracts with an estimated value in excess of £50k have to go through a full tender process. Those procedures are kept under regular review to ensure that best value to the taxpayer can be demonstrated.

5. *Developing the capacity and capability of members and officers to be effective*

A number of policies are in place to support and underpin the "fit for purpose" structure. These policies have empowered managers to take responsibility and be accountable for their staff issues with HR advice as required.

A key part of the performance monitoring continues to be an individual performance management (appraisal) system which ensures that strategic aims are translated into individual objectives creating a "Golden Thread" throughout the service. This is an evolving process with particular challenges in applying this process to the retained duty system staff who have very limited time available.

The performance management system also identifies training and development needs and these are aggregated into a service wide Training Needs Analysis. The service increasingly benefits from more efficient and effective menu driven training delivery more aligned to budget planning timetables and delivered in a variety of formats (including face to face and e-learning).

During 2015/16 BMKFRS introduced an innovative approach toward the delivery of operational training, working in partnership with the Fire Service College. The partnership has not only proven to be financially intelligent, but has also enabled the operational competencies of over 230 front-line commanders and firefighters, through validation exercises to be realistically challenged, whilst at the same time being the subject of independent assessment and scrutiny.

The Performance and Evaluation team analyse, audit and review capabilities across the service. This team is currently reviewing and introducing more robust methodology to evaluate operational performance through validation exercises, station reviews, operational debriefs, incident monitoring, the management of an exercise programme as well as establishing lines of communication with other FRSs to learn from their experiences.

The team continue to work alongside the Organisational Development department to ensure that any areas which are identified from incidents, training and exercises are included in technical and practical assessments within the Development Centre (ADC) process.

SMB has engendered a collegiate approach with Members through holding "Member Workshops" where future options are aired and discussed with Members before a narrower range of formal proposals are taken forward.

6. *Engaging with local people and other stakeholders to ensure robust public accountability*

In terms of the organisational structure, committee meetings are accessible to the public and the dates are published on the website as are the agendas and committee papers, minutes and decisions.

The service complies with the Data Transparency Code (latest version published February 2015) and ensures all the relevant information is published on our external website.

At a more local, direct level there are many examples of how we engage with the public and ensure public accountability:

- The service regularly reviews its partnerships to ensure they are appropriate and effective for both the organisation and the public.

- Memoranda of Understanding with other fire and rescue authorities and the police when carrying out fire investigation to improve collaborative working and ensure a more consistent approach to the way we investigate fires / arson.

- BMKFRS is a key stakeholder at a strategic level on both the Safer Stronger Bucks Partnership Board and the Safer MK Partnership. Officers are also engaged and involved in practitioner groups and fora where appropriate, ensuring public

engagement and safety initiatives are focussed, effective and measured, whilst working with partner organisations with similar goals and objectives.

Review of effectiveness

Buckinghamshire & Milton Keynes Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment.

In addition, the Chief Internal Auditor's annual report, comments made by the external auditors (Ernst & Young), the Operational Assessment, other review agencies and inspectorates (referred to earlier) and the Overview & Audit Committee are all sources providing scrutiny and recommendations upon which the management have drawn to compile the action plan set out in Appendix B.

Audits undertaken and assurance opinion:

Audit assignments	Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.	
	Days	**Overall Assurance** (all audits undertaken during 2015/16 unless stated)
Core Financial Controls	40	Substantial
Pensions Administration	10	Reasonable
Control Centre	8	Delayed until 2016/17
Asset Management	7	Reasonable
Pensions Administration Transfer	5	Delayed until 2016/17
Follow Ups	10	
Corporate work/Audit Management	10	
Total	**90**	

It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

This opinion should be used as a key strand of the assurance framework which management use to develop their Annual Governance Statement.

The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:

- The Fire Authority can establish the extent to which they can rely on the whole system; and

- Individual managers can establish the reliability of the systems and controls for which they are responsible.

This is presented as the Chief Internal Auditor's opinion:

Opinion on the Fire Authority's Internal Control Environment Summary

> In my opinion the system of internal control provides **reasonable** assurance regarding the effective, efficient and economic exercise of the Authority's functions. During 2014/15 there has been continued improvement to Bucks & Milton Keynes Fire Authority's system of internal control through the on-going development of policies and procedures covering the key control processes. This demonstrates a positive direction of travel towards robust and effective internal control and risk management that will facilitate the effective exercise of the Authority's functions.

The audit activity in 2015/16 has demonstrated that the Authority continues to improve and develop corporate governance, and remains focused on creating a strong system of internal control. This can be evidenced by the continued strengthening of key control processes through the on-going development of policies and procedures and has resulted in core financial controls continuing to be rated as substantial.

A summary of our assignment outcomes and work completed during the year is shown in the table above. It can be seen that all areas have as a minimum 'reasonable' assurance.

Conclusion

As a result of the extensive work undertaken by the management team in reviewing internal structures and reviewing roles and responsibilities as well as the introduction of new systems and processes, working together with the Chief Internal Auditor, the External Auditors and our own Audit Committee, a plan (see Appendix B) is in place to address the weaknesses identified and ensure continuous improvement of the governance system is in place. Appendix A sets out progress against the delivery of the 15/16 Annual Governance Statement action plan.

Further to the Chief Internal Auditor's comments, we propose over the coming year to take steps set out in Appendix B to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed ……………………………………………………………………….. Date ……27.07.2016……

Councillor Adrian Busby – Chairman of the Buckinghamshire & Milton Keynes Fire Authority
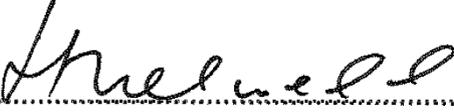
Signed ……………………………………………………………………….. Date ……27.07.2016….

Jason Thelwell – Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority

Appendix A

Significant Governance Issues addressed in 2015/16

	Issue	Action Plan (as per 2014/15 Statement – Appendix B)	Lead Officer	RAG Status	Progress	Target/ Completion Date
1.	Continued review of firefighters pensions administration and oversight.	Discussion is on-going with other authorities regarding entering into a shared pension administration arrangement. A specification of requirements has been drawn up, based on the current arrangement and those shared with us by other authorities. Once the final specification has been agreed between participating authorities a	Director of People and Organisational Development and Director of Finance and Assets		With Royal Berkshire FRS, we have entered a jointly procured outsourced Pensions Administration arrangement for firefighter pensions with West Yorkshire Pension Fund (WYPF). WYPF have considerable experience of managing fire fighter pensions and have expert representation on national technical groups. The project to transfer administration has been successfully implemented with pensioners being paid for the first time in May 2016 by WYPF.	May 2016

		procurement exercise will be undertaken and a contract awarded to the successful bidder.		Green		
2.	Review the processes for handovers between leavers and joiners.	This processed will be reviewed and submitted to the relevant board(s) for approval.	Director of People and Organisational Development		The recruitment and selection procedure was amended to cover specific responsibilities for handovers when there is staff turnover. This has been fully implemented.	April 2015
3.	Constitute a pensions board to oversee the administration of the firefighters pension schemes.	This is a new requirement for the Authority. The Authority has sought expressions of interest for board members and the first meeting of the board is planned for Q2 2015.	Director of Legal and Governance	Green	Three employer and three employee representatives were appointed as members of the Board and the first Board meeting took place on 17 July 2015. The Board has formally adopted Terms of Reference, has published the names of the Board members and contact details on the intranet and publishes the minutes of each meeting, which have been held in September, December and March, with the next taking place in June 2016. The Board will continue to meet on a quarterly basis and attends regional training events as appropriate.	April 2015
4.	Ensure that appropriate governance arrangements are	For each project a governance arrangement will be agreed and	Head of Service Transformation	Green	Project managers have been appointed and project governance structures have been established with progress monitored through highlight reports	November 2015

in place for major upcoming interdepartmental projects (e.g. Milton Keynes area review and business and systems integration)	implemented. These will set out clear terms of reference and monitoring arrangements.			provided into the Service's Business Transformation Board.	

Annual Governance Statement 2015/16

Appendix B

Significant Governance Issues to be addressed in 2016/17

	Issue	Action Plan	Lead Officer	Target Date
1.	Operational Assurance	The main area of focus will be to examine the assurance model in the context of operational assurance and resilience, specifically to ensure that all potential input areas have been taken into consideration and that information flows through the organisation reaching all appropriate stakeholders and that the information is understood and where appropriate, informs policy decisions within internal governance arrangements. Commission and deliver an external audit of our operational services and develop an action plan to address any subsequent findings. Develop a monitoring mechanism that compliments the existing governance models of BTB and PMB and test this through examining ICS, training and NOG implementation.	Head of Service Development	April 2017
2.	ICT Security and Resilience Review	Undertake a review of ICT security and business resilience and act on the findings while taking into consideration the needs of ESMCP.	Head of Service Development	April 2017