

## **Annual Governance Statement 2016/17**

### **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 2017 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](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

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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](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 February 2017 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

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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.*

2016/17 has continued to see a significant investment in our staff training/development at all levels and across both operational and support functions. This continued investment has contributed to the successful delivery of the on-going transformation programmes set for the organisation.

There is evidence of improved levels of engagement, morale and communication with staff members and this can be attributed to various development programmes including a number of Manager's Workshops where the CFO's vision for the Authority was communicated as well as guest speakers providing insight into effective leadership.

The Authority Training Needs Analysis (TNA) process continues to assess the need for this type of training at least annually. For 2017/18 a pilot programme for aspiring leaders and management apprenticeships has been approved for all levels within the organisation and for both operational and support staff.

Officers presented the findings of the ['Independent review of conditions of service for fire and rescue staff in England, February 2015', published 3 November 2016](#) with the Authority's Executive Committee at its meeting on 23 November 2016. Many of the report's recommendations are related to equality, diversity and culture. These will be carefully considered, particularly in comparison to the [Authority's Equality Objectives](#) agreed by the Authority in June 2016.

The report's author, Adrian Thomas delivered a masterclass on unconscious bias to over 50 employees in September 2016.

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, [at its meeting on 19 October 2016](#) the Authority approved the appointment of a panel of five "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>

[At its meeting on 15 February 2017](#) the Authority approved a revised Code of Conduct complaints procedure in order that, in the event of an allegation being made of misconduct by Members, any allegation could be dealt with more speedily.

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### 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.

At its meeting of 15 February 2017 the Authority undertook careful consideration as to its number of Members, including whether to increase or decrease its size. On balance taking into account the balance between being large enough to allow scrutiny whilst not becoming burdensome in diverting resources away from operational delivery, it resolved to retain the same number of Members (17).

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.

In addition to the development of performance software to improve service delivery, the HR and Finance (SAP) system has been replaced by more modern and fit for purpose systems. As well as improving the efficiency of the service the in-built electronic workflow and cloud-based reporting have further improved the level of system based control and resilience.

This improved control has supported managers to monitor and manage 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.

Although the shared service arrangement with Royal Berkshire Fire Authority for procurement has come to an end, the team are continuing to work collaboratively across the Thames Valley fire authorities. 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.

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### *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).

Continuation of the Strategic Training Partnership with the Fire Service College was again a prominent feature in the way operational training was delivered during 2016\17. This progressive approach toward training delivery, once more enabled the operational competencies of 226 front-line firefighters and 83 supervisory commanders to be independently assessed and scrutinised, under realistic conditions in breathing apparatus and Level 1 incident command respectively.

Last year, also saw the publication of a report from Operational Assurance Limited (OAL), who had been commissioned to undertake an independent review of the most fundamental element of the Service, namely our operational performance and assurance arrangements.

This review was conducted over a four day period during October 2016 and involved an audit team interviewing a number of staff and managers, as well as attending operational incidents, in order to monitor actual performance on the incident ground.

The resulting report made a number of recommendations, three of which were suggested as being of a particular priority. These were centred on improving internal processes and providing easily accessible service wide tools for improving active monitoring and organisational learning.

All captured learning derived from the training partnership and assurance arrangements, will ensure continuous improvement remains a key organisational driver in the operational arena for BFRS.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.

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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.

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Audits undertaken and assurance opinion:

<b>Audit assignments</b>	<b>Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.</b>	
	<b>Days</b>	<b>Overall Assurance</b> (all audits undertaken during 2016/17 unless stated)
Core Financial Controls	40	Substantial
Project Management	15	Reasonable
Financial Planning	10	Substantial
Business Continuity Planning	15	Work in progress
Follow Ups	10	
Corporate work/Audit Management	10	
<b>Total</b>	<b>100</b>	

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.

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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 2016/17 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 2016/17 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.

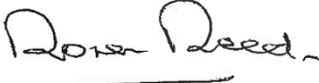
A summary of our assignment outcomes and work completed during the year is shown in the table above. It can be seen that all areas have as a minimum 'reasonable' assurance.

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### 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 16/17 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 26/vii/2017  
Councillor Roger Reed - Chairman of the Buckinghamshire & Milton Keynes Fire Authority

Signed  Date 26/vii/2017  
Jason Thelwell - Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority

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### Appendix A

#### Significant Governance Issues addressed in 2016/17

	Issue	Action Plan (as per 2015/16 Statement – Appendix B)	Lead Officer	RAG Status	Progress	Target/ Completion Date
1.	Operational Assurance	<p>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.</p> <p>Commission and deliver an external audit of our operational services and develop an action plan to address any subsequent findings.</p> <p>Develop a monitoring mechanism that compliments the existing governance models of BTB and PMB and test this through</p>	Head of Service Development	Green	<p>The Authority commissioned and external provider to undertake an independent review of the most fundamental element of our Service, namely our operational performance and assurance arrangements.</p> <p>In general the report was excellent and in particular the team was impressed with the openness and professionalism of all the staff they spoke to.</p> <p>The report made a number of recommendations, three of which they suggested should be of particular priority. These were centred on improving some of our processes and providing easily accessible service wide tools for improving active monitoring and organisational learning.</p>	February 2017

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		examining ICS, training and NOG implementation.			As a result of the report an action plan has been drawn up and agreed by SMB.	
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	Green	The Home Office funded Independent IT Health Check (linked to ESMCP) has been completed. A remediation programme is underway and was 80% complete by April 2017. Further works have been funded by the Home Office but are currently on hold awaiting further policy decisions from the central ESMCP programme team. The ICT disaster recovery server is currently being replaced by a secure cloud solution. For more information on the national ESMCP project visit this <a href="https://www.gov.uk/government/publications/the-emergency-services-mobile-communications-programme">website</a> (https://www.gov.uk/government/publications/the-emergency-services-mobile-communications-programme).	Disaster Recovery Programme due completion September 2017 ESMCP linked security and resilience upgrades will be on going until 2020.

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### Appendix B

#### Significant Governance Issues to be addressed in 2017/18

	Issue	Action Plan	Lead Officer	Target Date
1.	Compliance with the General Data Protection Regulation (GDPR)	<p>The Information Commissioner’s Office (ICO) has put together a 12 step plan that outlines the basic pre-implementation requirements of the GDPR.</p> <p><b>1. Awareness</b> Ensure that decision makers and key people in the Authority are aware that the law is changing to the GDPR and the impact this is likely to have.</p> <p><b>2. Information held</b> Document what personal data is held by the Authority, where it came from and who it is shared with. – This is being extended to include all types of information held and where and is being undertaken as an information audit.</p> <p><b>3. Individuals’ rights</b> Review procedures to ensure they cover all the rights individuals have, including how personal data will be stored and deleted.</p> <p><b>4. Communicating privacy information</b> Privacy notices will be reviewed and where necessary amended.</p> <p><b>5. Subject access requests (SARs)</b> Review of procedures for handling requests SARs.</p>	Director of Legal & Governance	April 2018

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		<p><b>6. Lawful basis for processing personal data</b> Confirm and document the lawful basis for processing activities in the GDPR, document it. (See also 4 privacy notices).</p> <p><b>7. Consent</b> Review how the Authority seeks, records and manages consent and whether any changes are needed to meet the GDPR standard.</p> <p><b>8. Data breaches</b> Put appropriate procedures in place to detect, report and investigate data breaches.</p> <p><b>9. Children</b> Consideration of the mechanisms for confirming the age of children and the need to obtain parental or guardian consent for any data processing activity.</p> <p><b>10. Data Protection by Design and Data Protection Impact Assessments</b> Consider whether the ICO's code of practice on Privacy Impact Assessments is adequately reflected in the Authority's Integrated Impact Assessment (IIA) and develop Implementation plans.</p> <p><b>11. Data Protection Officer (DPO)</b> Designate a Data Protection Officer</p> <p><b>12. International</b> – Not applicable.</p>		
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2.	Currency of financial and contractual governance documents	<p><b>Contracts Standing Orders</b> – review and update.</p> <p><b>Financial Regulations</b> – review and update</p> <p><b>Financial Instructions</b>- review and update</p>	Chief Finance Officer	October 2017
3.	Operational Assurance	<p>The main focus is implementation of the recommendations of the independent operational assurance report which was received in December 2016.</p> <p>As part of the recommendations an operational assurance group was formed under the chairmanship of the Head of Service Development. The Operational Assurance team was constituted as part of a department restructure and delivering the action plan, embedding the assurance model throughout the organisation and developing the assurance process in preparation for forthcoming external inspection.</p>	Head of Service Development	March 2018
4.	Professional Standards	<p>Ensure that the Fire Professional Framework is embedded throughout the organisation.</p> <p>Review and refresh the guidance, audit and recording of the maintenance of competence systems.</p> <p>Setup a fit for purpose, simple document management system to evidence and embed the main change programme processes and documentation, in order to provide evidence to external inspectors.</p>	Director of People and Organisational Development	March 2018