

# Annual Governance Statement 2013/14

## 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 4(2) of the Accounts and Audit Regulations 2011 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 2013 and up to the date of approval of the Statement of Accounts.

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The Corporate Governance Framework is available as a publication on our website, in our Policies and Procedures section: [Policies](#)

## 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 2012-17 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

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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: [Public safety plan](#)

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. Since the recent re-structure 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”.

A new 2015–20 Public Safety Plan is under development and will be presented to the Fire Authority for approval in December 2014 following a public consultation. The new plan will supersede the existing 2012-17 plan and take 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 can be found at the following link: [Member: Officer Protocol](#)

The Authority approved and adopted its current Pay Policy Statement in February 2014 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.

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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.

In June 2013 the Authority phased out its externalised committee administration service to enable a more effective, responsive, and corporately beneficial control of committee processes and member support through a dedicated Democratic Services Officer.

A member induction and support programme was put in place which enabled the Authority to assimilate seven new members appointed from its constituent councils in June 2013.

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.*

All senior, middle and supervisory managers have attended a 'Leadership and Management Development Programme' (LMDP) to ensure they understood the values of the organisation and the corporate objectives, as well as equipping managers with the tools necessary to lead the service through change.

Although all staff have job descriptions, this programme has helped explain to all managers the expectations the organisation has in terms of behaviours and not just team and individual outputs.

The programme identified management and leadership behaviours which have been incorporated into the Authority's performance management system (appraisal process). Outcomes from the 2013/14 appraisals were analysed. These included delivery against objectives, career development needs and any identified behavioural gaps. A range of specific behaviours were identified across middle and supervisory management as requiring training: for example

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influence and impact and organisational awareness. These are incorporated into the 2014/15 Authority-wide training needs analysis (TNA).

The outcomes of the LMDP were evaluated in October 2013 to determine the impacts of a significant investment and to inform future leadership and management development requirements.

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 is scheduled to take place in 2014/15, the findings from which will be used to inform their further development.

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

This improved control has supported managers 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.

Whilst the technology helps to manage the data it is imperative that quality assurance is in place to ensure open and transparent decisions are made at all levels. For example, the service has undertaken an Equal Pay Audit, the outcomes of which were reported to members. A separate review of the terms and conditions for support services staff was also undertaken and outcomes approved in May 2014.

We have entered into a new shared service arrangement with Royal Berkshire Fire Authority for procurement. The new team are working 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 have been 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*

When the organisation underwent a re-structure with the arrival of the current senior management team, a great deal of attention was paid to ensuring the reporting lines were relevant and appropriate. 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.

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The performance management system also identified 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.

With the organisational re-structure there was the opportunity to address gaps in the overall monitoring of performance. 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 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 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.

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.

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### 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. The service has used an internal checklist process this year to quantify the degree of understanding and compliance with the governance arrangements in each section of the service. The results of the checklist have fed into the action plan for 2014/15 set out in Appendix A.

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

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	Adequacy of controls	Adequacy of compliance	Overall Assurance
Core Financial Controls	30	Substantial	Substantial	Substantial
Treasury Management	10	Substantial	Substantial	Substantial
Fleet Management	5	Reasonable	Reasonable	Reasonable
Control Centre	5	Reasonable	Reasonable	Reasonable
ICT Strategy	10	Reasonable	Reasonable	Reasonable
Asset Management System	10	Reasonable	Reasonable	Reasonable
Follow Ups	10			
Corporate work/Audit Management	10			
<b>Total</b>	<b>90</b>			

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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 2013/14 there has been further 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 very strong and effective internal control and risk management that will facilitate the effective exercise of the Authority's functions.

The audit activity in 2013/14 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 improved opinion on a couple of the higher-risk audits carried out during the year.

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 now have as a minimum 'reasonable' assurance with core financial controls and treasury management achieving 'substantial' assurance opinion.



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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 13/14 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.



11/09/2014

Signed: ..... Date.....

Councillor Adrian Busby - Chairman of the Buckinghamshire & Milton Keynes Fire Authority



11/09/2014

Signed: ..... Date.....

Mark Jones - Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority

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### Appendix A

#### Significant Governance Issues addressed in 2013/14

	Issue	Action Plan	Lead Officer	RAG Status	Progress	Target Completion Date
1.	<b>Control and management of corporate assets</b>	Further progress ongoing for implementation of asset management system.	Director of Finance and Assets	Green	Completed.	April 2014
2.	<b>Thames Valley Fire Control project</b>	Project board and Member board established. Managerial responsibilities in place, project being monitored up to cut over.	Chief Operating Officer	Green	Completed.	April 2014
3.	<b>Human Resources Review</b>	To be carried out to ensure that organisational structure and service provision is fit for purpose going forward.	Director POD	Green	<p>Detailed HR review progressed September 2014 through to implementation of a revised structure and service delivery model from February 2014, involving employees in helping to shape the requirements, improve efficiency and effectiveness, customer service and value for money.</p> <p>A joint external review of HR and Finance was also undertaken in May and June 2014; a key focus was on the robustness of the improvement plans to deliver high quality services at reduced costs, externally benchmarked.</p>	February 2014

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4.	<b>Performance Management</b>	<p>To ensure that Appraisals are carried out within prescribed timescales.</p> <p>Recent evidence of personnel not complying with reasonable managerial instruction. To be addressed following outcomes of discipline hearings.</p> <p>Ensure that the framework, policy and procedures are fit for purpose.</p>	Director POD	Green	<p>Guidance note to managers in place and training given. Reports on completed appraisals given to Performance Management Board (PMB).</p> <p>Procedures in place and training given to all managers in respect of case management (discipline and grievances)</p> <p>Guidance relating to driving compliance now in place.</p> <p>Overarching policies agreed in principle and specific procedures in place.</p> <p>A review of the 2013/2014 performance management system (appraisal) is completed and the report presented to the end-September 2014 Strategic Management Board (SMB).</p>	June 2014
5.	<b>Review of Internal Officer Governance.</b>	New meeting structure to be introduced September 2013.	Director of Legal and Governance	Green	New meeting structure launched as planned in September and now embedded. Complete.	September 2013
6.	<b>Review of Partnership Arrangements</b>	A review of the Partnership Framework was completed and Members have approved a new strategic partnership policy	Director of Finance and Assets	Green	Completed March 2013 (formally received and approved at Executive Committee on 14 May 2014)	March 2013

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### Appendix B

#### Significant Governance Issues to be addressed in 2014/15

	Issue	Action Plan	Lead Officer	Target Date
1	Performance Management System (Appraisal) needs to be fully embedded.	Regular Performance reporting at Performance Board Agree generic On Call objectives and enhance as part of the On Call review.	Head of Human Resources	October 2014 Fully embedded June 2015
2	Review of firefighters pensions administration and oversight.	Review the current administration of the firefighters pension fund and look at securing increased professional expertise and knowledge of the complicated rules governing the scheme. Potentially to move provision of administration from current provider.	Director of Finance and Assets	April 2015
3	Capacity of the organisation to manage change and business as usual.	Corporate Planning process to be reviewed to ensure all day to day activity and business change plans can be accommodated within organisational capacity.	Head of Service Transformation	February 2015
4	Thames Valley Fire Control Service.	A Joint Committee of Members and a tripartite officers' coordination group to oversee the Thames Valley Fire Control Service.	Director of Legal and Governance	December 2014
5	Corporate Risk Management Policy. This has not been formally reviewed since 2010.	Our corporate risk management functions and process were recently reviewed by Internal Audit. The Corporate Risk Management Policy will be reviewed and updated in light of any recommendations made by the auditors with a view to it being approved by the CFA's Overview and Audit Committee.	Corporate Planning Manager	March 2015