

East Sussex Fire Authority

Annual Governance Statement for the year ended 31 March 2015

1. Scope of responsibility

East Sussex Fire 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, which includes arrangements for the management of risk. To this end the Authority has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Authority's code is on our website at <http://www.esfrs.org/about-us/east-sussex-fire-authority/corporate-governance/> or can be obtained from fireauthorityclerk@esfrs.org. This statement explains how the Authority has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6, which requires all relevant bodies to prepare an annual governance statement.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. 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 services and value for money.

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 and potential impact of those risks being 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 2015 and up to the date of approval of the statement of accounts.

3. The governance framework

The key elements that comprise the Authority's governance arrangements are set out in the local code of corporate governance and they include:

- an Annual Plan that sets out our vision for the community and the outcomes we intend to achieve;
- an established service planning process, including the development of the medium term finance plan;
- a business planning and performance management framework which includes setting clear objectives and targets;

- regular reporting of performance against the Authority's key performance indicators, as set out in the Annual Plan, to officers and Members;
- established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to officers and Members;
- clear arrangements for the discharge of the statutory functions of the Head of Paid Service, Monitoring Officer and Treasurer;
- compliance with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Finance Officer;
- clear arrangements for decision making, scrutiny and the delegation of powers to officers and Members;
- codes of conduct for Members and employees which set out clear expectations for standards of behaviour;
- a clear framework for financial governance based on Contract Standing Orders and Financial Regulations;
- a risk management strategy and risk management framework, which takes account of both strategic and operational risks and ensures that they are appropriately managed and controlled;
- Member Panels with clear responsibilities for governance, audit and standards;
- established arrangements for dealing with complaints and whistle-blowing, and combating fraud and corruption;
- schemes for identifying the development needs of Members and officers, supported by appropriate training;
- a strategy for communicating and consulting with the people of East Sussex and the City of Brighton & Hove and our key stakeholders;
- clear guidance that promotes good governance in our partnership working;
- a range of policies and processes designed to ensure best practice and legal compliance for personnel matters, ICT security, access to information, data protection and project management.

4. 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. The review of effectiveness is informed by:

- the work of Members through the Fire Authority and its Panels, including Policy & Resources and Scrutiny & Audit;
- the work of senior officers and managers within East Sussex Fire & Rescue Service, who have primary responsibility for the development and maintenance of the internal control environment;
- the work of the Monitoring Officer and the Treasurer;
- the risk management arrangements, including the maintenance and regular review of corporate risks by the Corporate Management Team and Scrutiny & Audit Panel;
- the work of the internal audit service including their individual reports, and overall annual report and opinion;
- the external auditors in their annual audit letter and annual governance report;
- the judgements of external inspection and statutory bodies and the Operational Assurance Peer Review.

5. Assurance and significant governance issues

No assurance can ever be absolute; however, this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Authority's governance arrangements. On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Authority has in place governance arrangements and a satisfactory system of internal control, both of which are fit for purpose and operating effectively.

As part of our review we have not identified any gaps in assurance over key risks or significant governance issues.

Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively, meet changing legislative needs, and reflect best practice and our vision of achieving safer and more sustainable communities.

We propose over the coming year to take steps to further enhance our governance arrangements and these are summarised below. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

- Review the effectiveness of the Authority's Anti-Fraud and Corruption and Whistleblowing policies (*Treasurer/Deputy Monitoring Officer*)
- Put in place arrangements to establish a Pension Board in line with the requirements of the Public Services Pensions Act (*ACO*)
- Review Data Protection arrangements where Authority data is held by third parties (*ACFO*)
- Ensure arrangements are in place to comply with the Local Government Transparency Code 2015 (*ACFO*)
- Review SCC project governance arrangements to ensure that they remain fit for purpose (*ACFO*)

Councillor Carolyn Lambert, Chair, Scrutiny & Audit Panel

Des Prichard, Chief Fire Officer & Chief Executive

28 May 2015

Date of meeting	Title	Action	Target date for completion	Responsible officer	Completed
25/02/2015	Annual Governance Statement 2013/14	1. Ensure effective arrangements are in place to deliver the Authority's transformation agenda and savings plan.		Chief Fire Officer & Chief Executive	Service Transformation Team in place to deliver and implement Phase 1-3 proposals reporting to Project Board and DCFO. Planned savings reviewed as part of 2015/16 budget & 5 year MTFP. Savings monitored through monthly reports to CMT / periodic reports to P&R Panel.
		2. Review effectiveness of the Authority's Anti-Fraud and Corruption and Whistleblowing policies.		ACO (POD) /Treasurer/ Deputy Monitoring Officer	Review commissioned from Internal Audit - terms of reference agreed and review underway but some delays mean likely for completion in Q1 2015/16.
		3. Clarify and review the Authority's key governance policies and produce a new Constitution to replace the Members' Handbook		Assistant Chief officer/ Deputy Monitoring Officer	CFA Constitution revised and approved by CFA in December 2014 for implementation wef Annual Meeting of CFA in June 2015.
		4. Carry out an assessment of the effectiveness of the audit functions of the Scrutiny & Audit Panel against best practice guidance issued by CIPFA		Assistant Chief Officer / Treasurer	Report considered by Fire Authority in December 2014. Revised Terms of Reference for Scrutiny & Audit Panel approved for implementation wef Annual Meeting of Fire Authority in June 2015.

5. Implement the new Procurement Strategy and Improvement Plan.	Head of Finance & Procurement	Procurement Strategy agreed by Fire Authority in February 2014. Improvement Plan implemented underway and update provided to S&A Panel November 2014.
6. Secure improvements in the Authority's IMD arrangements through its new Strategy and determine new service delivery arrangements	Assistant Chief Fire Officer	New Head of IMD appointed and IMD Transformation Project underway reporting to Project Board and supported by external resources.
7. Continue to improve the Authority's business risk management arrangements.	Treasurer	New corporate risk reporting in place for 2014/15 and further improvements underway following internal audit report (substantial assurance).
8. Develop an action plan to address the issues identified in the recent liP assessment and the Operational Assurance Peer Review	ACO / DCFO	S&A Panel 13 Nov 2014 - Action Plan for Ops assessment and peer challenge closed - all areas completed or in progress through existing departmental business plans.
9. Achieve improvements in sickness absence	DRR /Hd of HR	New process in place from Jan 2014 with subsequent revisions to Manual Note has seen sickness absence reduce. Wholetime sickness absence is now below the National FRS average. Overall sickness absence is expected to be 8.3 shifts lost per fte for 14/15 above the target of 7.5 but below 13/14 actual of 8.8
10. Strengthen arrangements for the management of declarations of conflict of interests and gifts & hospitality	ACO / Dep Monitoring Officer / Treasurer	Declarations of interest and offers of gifts and hospitality reviewed on quarterly basis by Governance Group. Annual reminder and follow up process enhanced - 100% returns from targetted staff groups.