



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

ANNUAL GOVERNANCE STATEMENT 2017/18

Report of the Chief Fire Officer

Date: 20 July 2018

Purpose of Report:

To seek the approval of Members to the signing of the Annual Governance Statement by the Chair of the Authority and the Chief Fire Officer.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The Fire Authority is required to include an Annual Governance Statement within its annual Statement of Accounts. The Annual Governance Statement contains details of the most recent review of governance arrangements and sets out challenges for those arrangements going forwards.
- 1.2 The Authority must approve the Annual Governance Statement each year prior to adopting the Statement of Accounts. Once approved by the Authority, the Chair of the Authority and the Chief Fire Officer can sign the Annual Governance Statement.
- 1.3 The Local Code of Corporate Governance was adopted by the Authority in February 2017. This Annual Governance Statement, and the annual review of governance is against this framework.

2. REPORT

- 2.1 The Annual Governance Statement 2017/18 sets out how the Service has complied with the current local code of corporate governance during the year and also meets the requirements of the Accounts and Audit Regulations 2015 with regards to the preparation and approval of an annual governance statement.
- 2.2 The Annual Governance Statement 2017/18 is attached to this report as Appendix A.
- 2.3 The governance framework has been in place at the Authority for a number of years and regular reviews have been carried out periodically. In 2016/17 a full review of the Local Code of Corporate Governance was carried out and a new Local Code was adopted in line with the CIPFA / Solace framework which was revised in 2016.
- 2.4 Several specific areas of governance were reviewed during the year. These mostly related to ICT security and data protection. They included reviews of the Data Protection Policy, ICT Access Control Policy and Gifts and Hospitality Policy.
- 2.5 The External Auditor approved an unqualified Statement of Accounts for 2016/17 and it is anticipated this will be repeated in 2017/18. The Annual Internal Audit Report was reported to Finance and Resources Committee on 29 June 2018. It concluded that:

“From the work carried out during the 2017/18 financial year, we have been able to satisfy ourselves that the overall level of internal control is satisfactory and provides a good basis for effective financial and resource management”.

- 2.6 Ernst & Young LLP have been appointed as the auditors to the Authority with effect from 1 April 2018 following a national procurement exercise undertaken by Public Sector Audit Appointments Ltd. The 2017/18 Statement of Accounts will be audited by KPMG under the existing contract. Transitional arrangements are in place to ensure a smooth transfer between auditors.
- 2.7 The 2018/19 budget process identified an ongoing deficit in the budget going forward in the region of £1.4m. The savings identified from the new crewing arrangements at Ashfield and Retford of £800k per year go some way to closing this deficit. However, a further £600k is still to be identified. Options for creating further savings have been identified and are in the process of being appraised. The Authority's prudent financial management, as set out in the Medium Term Financial Strategy, will allow it to phase in the impact of budget reductions in a manageable way.
- 2.8 Looking forward the Authority is planning for its first inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) which will take place late 2018. The inspection will focus on Efficiency, Effectiveness and People and will provide a useful benchmarking opportunity against other Fire Authorities.
- 2.9 The revised Fire and Rescue National Framework for England came into force on 1 June 2018. Every fire and rescue authority must have regard to the Framework in carrying out their functions. Every authority must publish an annual statement of assurance of compliance with the framework.
- 2.10 The National Framework contains the continued requirement for the authority to have an Integrated Risk Management Plan (IRMP). The plan sets out the strategic objectives of the organisation and how the service will aim to achieve them. The existing plan runs to 2019 and a new IRMP is in the process of being developed. This will be consulted upon in 2018. The plan will help align resources to the corporate priorities when the Medium Term Financial Strategy is developed in the autumn.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising from this report.

5. EQUALITIES IMPLICATIONS

The Annual Governance Statement contains the Authority's approach to inclusion and equality as part of its governance framework.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The Accounts and Audit Regulations 2015, Part 1 Section 6 set out the requirement for an Authority to conduct an annual review of governance and prepare an annual governance statement. It also provides that an Authority must consider the findings of the review and approve the annual governance statement in advance of approving the Statement of Accounts.

8. RISK MANAGEMENT IMPLICATIONS

The governance framework of the Authority is the collection of systems, processes, culture and values which direct and control decision making and policy development within the organisation. The risk of not reviewing governance activity against this framework is that any weaknesses in governance may not be identified and rectified, thereby putting the organisation at risk of not achieving its objectives.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members approve the Annual Governance Statement 2017/18.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

NOTTINGHAMSHIRE FIRE AND RESCUE AUTHORITY
ANNUAL GOVERNANCE STATEMENT

1.0 SCOPE OF RESPONSIBILITY

- 1.1 Nottinghamshire 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, 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 improvements in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
- 1.2 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, use of its resources and including arrangements for the management of risk and the maintenance of an effective internal control environment.
- 1.3 The 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*.
- 1.4 This statement sets out how the Authority has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, cultures and values for the direction and control of the Authority and the activities through which it accounts to, engages with and leads 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 and cost-effective services.
- 2.2 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 part of an on-going process designed to identify and prioritise the risks to the achievement of Nottinghamshire Fire and Rescue 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.

- 2.3 A key element of the Internal Control Environment is the development and maintenance of Strategic, Corporate and Departmental risk registers which are understood and managed by senior managers.
- 2.4 The governance framework has been in place at the Authority for a number of years and regular reviews have been carried out periodically. In 2016/17 a full review of the Local Code of Corporate Governance was carried out and a new Local Code was adopted in line with the CIPFA / Solace framework which was revised in 2016.

3.0 THE GOVERNANCE FRAMEWORK

- 3.1 In addition to the Annual Governance Statement the Authority has a Code of Corporate Governance that the Authority will commit to in carrying out its duties and responsibilities. In this document, officers have identified against each of the Code's principles what source documentation or existing practice demonstrates how the Authority complies with the principles that make up the Code.
- 3.2 In developing a code of corporate governance the Authority had the aim of seeking compliance with the CIPFA / Solace guidelines and recognised that these constitute good practice for local authority organisations.
- 3.3 The Local Code of Corporate Governance was adopted by the Authority in February 2017. This Annual Governance Statement, and the annual review of governance is against this framework.
- 3.4 Summarised below are some of the key elements of the systems and processes that underlie the Authority's governance arrangements:
- 3.5 **Identifying and Communicating the Authority's vision and outcomes for citizens and service users:**
 - 3.5.1 After consulting with the citizens of Nottinghamshire and service users, assessing current risks and service priorities, the Authority prepares an Integrated Risk Management Plan (IRMP) that sets out the vision and service objectives for the organisation. The latest IRMP covers the period 2014–2019 and the Authority consults with citizens and other stakeholders to formulate its business plans for each financial year within this plan. A revised plan is currently under development and will be published during 2019.
 - 3.5.2 The Authority's vision is "Creating Safer Communities" and it strives to deliver this by developing a set of cohesive business plans and working in partnership with others to provide an excellent, affordable service to all the diverse communities of Nottinghamshire. To deliver this the Authority has established six Service Priorities:

Service Delivery

We will deliver a professional, effective and value-for-money emergency response service to all those who live, work and travel in the county of Nottinghamshire.

What this means

We will continue to use a risk-based approach to improve our service to individuals, communities and local businesses with an emphasis on creating safer communities, and reducing death and injuries. We will do this through our key themes: preparedness, response, prevention and protection.

Employees and Workforce

We will maintain, support and develop our workforce to ensure an environment in which we can deliver a professional and effective service to the people of Nottinghamshire.

What this means

We will ensure that our employees have the capacity and skills to meet our delivery objectives and provide a work place where our employees feel supported, valued and competent to undertake their roles.

Improvement and Governance

We will look to continuously improve upon previous achievements and assure our stakeholders that the organisation has an appropriate infrastructure for governance to support future success.

What this means

With increasing demand for services likely across the public sector, NFRS will be required to base its decisions upon robust intelligence and work alongside its partner/agency service providers in a more collaborative manner.

Engagements and Partnerships

We will look to develop and maintain effective strategic and community partnerships.

What this means

We will continue to work closely with our partners and community organisations in order to identify and keep safe those members of our communities who are most at risk.

Environment

We aim to reduce the Service's impact on the environment through a combination of measures including considering the environment when making decisions, investing in technology and delivering training and education initiatives.

What this means

We will continue to be committed to minimising our impact on the environment by integrating environmental considerations in all aspects of our work, by meeting legal standards, seeking competent advice and adopting best practice.

Inclusion and Equality

We will provide services tailored to meet the needs of our communities.

What this means

Nottinghamshire Fire and Rescue Service prides itself on its approach to inclusion and equality. We work on the principle that to treat people equally, we may need to treat them differently.

3.6 Monitoring the achievement of the Authority's objectives through a comprehensive performance management framework:

- 3.6.1 The Service operates a system of cascading business plans. The IRMP is the highest level and from this a series of departmental and functional business plans are produced. Progress against these plans is reported on regularly and Officers report on progress and outcomes to the relevant committees.
- 3.6.2 The Executive Delivery Team, which comprises Heads of Departments within the Service, monitors performance against business plans regularly and reports any issues to the Strategic Leadership Team for consideration.

3.7 The Internal Control Environment:

- 3.7.1 The Authority's internal control environment comprises many systems, policies, procedures and operations. These can be broadly split into risk management, internal check/financial control and internal audit. Internal check and financial control are targeted towards financial matters whereas risk management has a much broader brief and is more associated with the risk of non-achievement of objectives and targets. The system cannot eliminate all risks of failure to achieve the Authority's aims and objectives. Once a risk has been identified the Authority, where possible, will eliminate that risk. If this is not possible or not cost effective then procedures are established to manage the risk effectively, efficiently and economically. Some of the significant control processes are outlined below:

3.7.2 Policy and Decision Making Process

The Authority has democratic control over its activities via an approved committee structure with agreed powers and duties that are periodically reviewed. The Authority has a written constitution that sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable. There is a formal briefing process prior to reports being finalised for Committee or Fire Authority meetings thus allowing key Members an opportunity to scrutinise proposed reports in detail. The Authority also runs Member seminars and training sessions to help Members discuss issues in more detail and in an informal environment.

3.7.3 Management Structure

The Authority has a clear management structure with defined roles and responsibilities. The Strategic Leadership Team includes all department heads as well as the Principal Officers. The current structure empowers managers to make appropriate decisions but also places accountability at the centre of this process.

The Authority has an Executive Delivery Team which is comprised of all the Departmental Heads and augmented by specialists as required. As part of a more empowering style of management this group has decision making powers with only the most significant or challenging decisions reserved for the Strategic Leadership Team. These arrangements enable good quality decision-making.

The Authority has an approved scheme of delegation to officers that is reviewed periodically by the Chief Fire Officer and the Clerk to the Fire Authority, with any changes being approved by the Fire Authority.

3.7.4 Established Policies, Procedures & Regulations

The Authority ensures compliance with established policies, procedures, laws and regulations. The information regarding policies and procedures is held on the intranet, and these are continually enhanced and developed through the introduction of new policies and procedures as and when required. The Authority has established policies on anti-fraud and whistleblowing. The Authority carries out a regular review of financial regulations which clearly define how decisions are taken and the processes and controls required to manage risk. The list below outlines some of the key policies and process in place to enhance the internal control system, which are reviewed as and when required:

- Treasury Management Strategy
- Procurement Strategy
- Financial Regulations & Standing Orders
- Scheme of Delegation
- Counter Fraud, Money Laundering, Corruption and Bribery Policy

- Whistleblowing Policy
- Complaints procedure
- Code of Corporate Governance
- Constitution
- Code of Conduct
- Equality and Diversity schemes
- Workforce plan and establishment model
- Full range of robust policies and procedures to underpin the conduct of staff from operational procedures, discipline processes, through to performance development reviews

3.7.5 Internal Audit Function

The Authority has a strong Internal Audit function arrangement with Nottinghamshire County Council, and has well-established protocols for working with External Audit.

3.7.6 Risk Management Strategy

The Authority has a well-established and embedded risk management strategy. This is managed at the corporate/strategic level by The Finance and Resources Committee which receive regular reports on risk exposures both in terms of existing and emergent risk. Members scrutinise risk registers and receive explanations for changes. The Committee is advised by the Head of Finance and the Service's Risk Manager on behalf of the Chief Fire Officer.

The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Service policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and facilitate a risk management culture to enable risks to be effectively assessed, managed, monitored and reported. Increased collaborative working with other public authorities will increase the chance of potential risk.

3.7.7 Best Value Duty

The Authority ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency, and effectiveness as required by the Best Value duty. The requirement to deliver services within a reducing budget over recent years has increased the focus on Best Value and the Authority has procurement policies in place, providing a framework within which to buy goods and services which offer good value for money.

3.7.8 Financial Management

Financial management in the Authority and the reporting of financial standing is undertaken through a financial system which integrates the general ledger, sales ledger and purchase ledger functions and facilitates good budgetary control. Budget Managers are supported by Finance Officers in the use of this system for monitoring financial performance.

4.0 REVIEW OF EFFECTIVENESS

4.1 The Authority has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control, at least annually. The review of effectiveness is informed by the work of the Strategic Leadership Team and other senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 Maintaining and reviewing the effectiveness of the governance framework throughout the financial year has been carried out by the following:

- The Authority and its Committees
- Management Review
- Internal audit
- External bodies

4.3 The Authority and Its Committees

4.3.1 The Authority

The Authority has reviewed the vision and strategic service objectives as part of the budgeting process which was undertaken between October 2017 and February 2018. This process also had a measure of Member scrutiny with the Chair of the Finance and Resources Committee taking an active role. At the annual general meeting in June the format and structure of its democratic decision process was reaffirmed and approval was given to the powers and make-up of the following committees:

- The Policy and Strategy Committee
- The Finance and Resources Committee
- The Community Safety Committee
- The Human Resources Committee

In addition to the above there are also panels for appointments, Equalities and Personnel matters.

Terms of reference and responsibilities for all of these Committees form part of the Authority's Governance arrangements.

4.4 Management Review

4.4.1 Included in the day to day management of the organisation are a number of key officers, systems and procedures designed to provide core elements of the internal control mechanism, with a nominated lead officer responsible for reviewing the effectiveness of these systems.

4.4.2 There is a system of performance management and review embedded within the Authority's management structure and processes. The 2014/19

Integrated Risk Management Plan sets out the Authority's key objectives and these are reflected in annual departmental business plans. These plans are then monitored by Corporate Support and managed by the individual departmental management teams.

4.4.3 Risk management at the strategic / corporate level forms part of the overall responsibilities of The Finance and Resources Committee and Members of this committee take a keen interest in Risk Management and receive update reports every six months. Risk Management is an integral part of project management and business planning within the Corporate Support department and both this and operational risk management are considered strong. The Service has this year restructured principle risk functions including corporate risk, operational risk and health and safety risk into a single Risk and Assurance Team. The purpose of this is to enhance the co-ordination of assurance activities and management of risk within the Service.

4.4.4 The Authority employs appropriate professional staff:

- A Statutory Monitoring Officer is responsible for ensuring the legality of Authority actions and supporting the Committee decision making process. No actions of the Authority were deemed ultra vires in the year and all relevant laws and regulations have been complied with. The monitoring officer is a qualified solicitor provided on a contractual basis to the Authority by the Legal Services Department of Nottingham City Council. This arrangement also includes support for the Authority's wider governance structure.
- A Responsible Finance Officer is appointed as the independent Treasurer to the Authority to ensure the proper and effective administration of the financial affairs of the Authority. The Strategic Leadership Team ensures that the Authority approves a realistic and affordable financial plan for both revenue and capital expenditure which links to the IRMP. The Authority continued to ensure it had good arrangements for managing its finances including strong leadership throughout the year. The financial planning process is well embedded and understood across the Authority by staff and Members. An in house financial team managed by the Head of Finance maintains the correct competencies and ensures that the Strategic Leadership Team receives all appropriate information to support the key decisions and objectives of the service.

4.4.5 In addition to the Treasurer the Authority also employs a Head of Finance who fulfils the role of Chief Financial Officer. This post holder is responsible for advising both senior managers and elected members on all financial matters. This is a role shared with the Treasurer who is seen to act independently of the Strategic Leadership Team's advice to the Fire Authority. In reality, these two officers work very closely together. Both these positions fell vacant during 2017/18. Interim measures were put in place to ensure continuity before the positions were permanently filled. The newly appointed officers are professionally qualified and have many years' experience within Local Government finance.

- 4.4.6 A full review was most recently carried out in 2015 of the role of Chief Financial Officer and, always accepting that the key statutory responsibilities under Sections 114 of the Local Government and Finance Act 1988 are held by the Treasurer, all of the principles set out in the CIPFA document *The Role of the Chief Financial Officer* are met.
- 4.4.7 Budget monitoring remains robust at both strategic and service level via the production of monthly financial monitoring reports for both Capital and Revenue budgets. These reports as well as being scrutinised by budget managers are also reported to the Strategic Leadership Team and quarterly to the Finance and Resources Committee.
- 4.4.8 Functional Heads also exercise a detailed degree of budget monitoring against the capital programme.
- 4.4.9 The External Auditor approved an unqualified Statement of Accounts for 2016/17 and it is anticipated this will be repeated in 2017/18. A presentation by the Head of Finance on the final accounts by way of a detailed year-end report to the Authority helped to communicate the year-end position to Members in a clear and understandable format.
- 4.4.10 CIPFA / Solace published a revised framework for delivering good governance in local government in 2016 and the Authority adopted this framework as its new Local Code of Corporate Governance in February 2017, following approval of the Policy and Strategy Committee. A full review of current corporate governance arrangements against the new code was undertaken, and this identified that in most areas the Authority had good processes in place which are well embedded. The main areas requiring further work were:

The creation of a Collaboration strategy / framework

The Collaboration Strategy was approved by Fire Authority in September 2017. It provides clear structure and governance arrangements for future collaboration projects.

A Communications strategy which addresses external communications

The service employs a communications team who advise on all communications of the service. Where major projects require consultation, this is undertaken in line with the Authority's Consultation Framework. Strategies for consultation of major projects or plans are developed on an ad-hoc basis. The consultation on mixed an alternative crewing arrangements was approved by the Fire and Rescue Authority in September 2017.

Review of the terms of reference for the Finance and Resources Committee against the "Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013)"

This review is currently underway but not yet completed.

- 4.4.11 Several specific areas of governance were reviewed during the year. These mostly related to ICT security and data protection. They included reviews of

the Data Protection Policy, ICT Access Control Policy and Gifts and Hospitality Policy.

- 4.4.12 Under the Civil Contingencies Act (2004) (Part 1. Para 2(1) (C)) and The Fire and Rescue Services Act 2004 there is a duty for all Category 1 Responders to prepare plans to ensure so far as reasonably practicable, that if in an emergency the Service can perform its core functions. NFRS has been developing its Business Continuity Management System (BCMS) for many years. Business Continuity plans are being reviewed to ensure mission critical activities continue during an adverse event and minimum acceptable levels of service. NFRS has a programme of work in place to refresh and enhance the resilience of the Service. In addition, will reflect on the capability they have established to refine and develop the BCMS to meet its current and future needs.
- 4.4.13 Work continued on a new performance management framework and this project will continue into 2018/19. The aim of this work is to improve the management of organisational performance and also to increase accountability to the community in respect of the way that services are delivered.
- 4.4.14 In addition to the usual Internal and External Audit reviews, the Authority is planning for its first inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) which will take place late 2018. The inspection will focus on Efficiency, Effectiveness and People and will provide a useful benchmarking opportunity against other Fire Authorities.
- 4.4.15 The Authority published its first Efficiency Plan, or Sustainability Strategy, back in 2016/17 to cover the period up to 2019/20. The plan set out targets for achieving savings over the period and update reports are regularly received by Fire Authority. In February 2018 Fire Authority approved the implementation of a mixed crewing model at both Ashfield and Retford fire stations. This will see the replacement of overnight wholetime duty system cover with retained duty system cover at the two stations.
- 4.4.16 After difficulties in 2016, the statutory requirement to send Pension Annual Benefits Statements to members of the Firefighter Pension Schemes by 31 August was met in 2017/18 and there have been no further breaches of legislation that require reporting to The Pensions Regulator. An annual report from the Local Firefighter's Pension Board is reported to the Policy and Strategy Committee each year.
- 4.4.17 In December 2016 the Authority commissioned a review of governance arrangements for the arms'-length Trading Company, and the results of this review will be reported on in 2018/19.

4.5 Internal Audit

- 4.5.1 The Authority procures its internal audit service under a contract with Nottinghamshire County Council and the arrangement and service was in accordance with the UK Public Sector Internal Audit Standards. The internal

audit plan for 2017/18, prioritised by a combination of the key internal controls, assessment and review on the basis of risk, was approved by the Finance and Resources Committee during the year. All internal audit reports included an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports were submitted to the Chief Fire Officer, the Head of Finance and the relevant managers as appropriate. All finalised reports were submitted to the Finance and Resources Committee acting in its role as Audit Committee.

The Annual Internal Audit Report, which will be reported to the Finance and Resources Committee during 2018 concluded that:

“From the work carried out during the 2017/18 financial year, we have been able to satisfy ourselves that the overall level of internal control is satisfactory and provides a good basis for effective financial and resource management”.

4.6 External Review

4.6.1 The External Auditors are required by the International Standard on Auditing 260 (ISA 260) to communicate about the audit of the Authority’s financial statements with those charged with governance. This communication is in the form of a written report which was presented to Members in September 2017.

4.6.2 The principal purposes of the Auditors’ report are:

- To present key issues identified during the audit of the financial statements for the year ended 31 March 2018 and any material misstatements in the accounts
- To report on any key issues for governance
- To report on the Auditors’ Value for Money conclusion
- To give an “audit opinion” on the financial statements
- To report on the implementation of any recommendations in the previous year’s ISA 260 report
- To seek approval to the management representation letter, which confirms the Authority’s responsibilities and actions in relation to the financial statements

4.6.3 The ISA 260 report for the 2016/17 Statement of Accounts confirmed that the quality of the accounts was good, with no material adjustments required. One recommendation was made with regards to including to make more use of financial and non financial performance data in the narrative statement. This has been addressed in the 2017/18 accounts.

4.6.4 Three significant risks were identified in the External Audit Plan for 2017/18. These related to the valuation of assets, valuation of the pension liabilities and the faster closedown timetable. These are being addressed as part of the final accounts process for 2017/18.

5 SIGNIFICANT ISSUES FOR GOVERNANCE IN 2018/19

- 5.1 The revised Fire and Rescue National Framework for England comes into force on 1 June 2018. Every fire and rescue authority must have regard to the Framework in carrying out their functions. Every authority must publish an annual statement of assurance of compliance with the framework. This will be presented annually to Fire Authority in the September meeting.
- 5.2 The revised framework seeks to embed recent reforms which affect the sector. In particular, it addresses the requirements of the Policing and Crime Act 2017. This Act has introduced the duty for emergency services to consider collaboration opportunities in all that they do and, although much collaborative work already takes place, this will drive further collaboration over the coming years. The Act also allows Police and Crime Commissioners to take over responsibility for fire and rescue where a local business case is made and this may lead to significant changes in governance for the fire sector in the future.
- 5.3 Another feature of the new legislation is the creation of a new statutory inspectorate for fire and rescue services. The service has been planning for and is well prepared for its first inspection which is due to take place late 2018 (see 4.4.14).
- 5.4 The National Framework contains the continued requirement for the authority to have an Integrated Risk Management Plan (IRMP). The plan sets out the strategic objectives of the organisation and how the service will aim to achieve them. The existing plan runs to 2019 and a new IRMP is in the process of being developed. This will be consulted upon in 2018. The plan will help align resources to the corporate priorities when the Medium Term Financial Strategy is developed in the autumn.
- 5.5 The 2018/19 budget process identified an ongoing deficit in the budget going forward in the region of £1.4m. The savings identified from the new crewing arrangements at Ashfield and Retford of £800k per year go some way to closing this deficit. However, a further £600k is still to be identified. Options for creating further savings have been identified and are in the process of being appraised. The Authority's prudent financial management, as set out in the Medium Term Financial Strategy, will allow it to phase in the impact of budget reductions in a manageable way.
- 5.6 The Authority accepted the government's offer of a four-year financial settlement covering the period up to 2020. However, government funding beyond this point is still to be determined as part of the Comprehensive Spending Review which will take place in the autumn of 2019. The Authority is expecting austerity to be a continuing theme and future financial planning will take account of this.
- 5.7 Ernst & Young LLP have been appointed as the auditors to the Authority with effect from 1 April 2018 following a national procurement exercise undertaken by Public Sector Audit Appointments Ltd. The 2017/18 Statement of

Accounts will be audited by KPMG under the existing contract. Transitional arrangements are in place to ensure a smooth transfer between auditors.

5.8 The Service may also be affected by the UK's exit from the European Union, but at this early stage in the process the impacts are unclear. The risk associated with "Brexit" is on the Authority's strategic risk register and will continue to be monitored and managed as appropriate.

5.9 The European General Data Protection Regulation (GDPR) comes into force in May 2018. The service has followed the Information Commissioner's summary of 12 preparation steps for GDPR. An information asset register has been created, along with information security training for all staff and an audit of compliance has been undertaken. Progress is monitored through the Protective Security Group. An annual report on transparency and data protection is presented to Fire Authority at the September meeting.

5.10 During the coming year, the Service will seek to address the above matters through its current structures and processes to further enhance governance arrangements.

Signed.....

Signed.....

Councillor Brian Grocock
CHAIR OF THE FIRE AUTHORITY

John Buckley
CHIEF FIRE OFFICER