NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

ANNUAL GOVERNANCE STATEMENT 2016/17

Report of the Chief Fire Officer

Date: 22 September 2017

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 and Rescue 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 For the most part of the financial year 2016/17 the previous Local Code of Corporate Governance was in place. The new Local Code was adopted by the Authority in February 2017. This Annual Governance Statement therefore describes governance arrangements in place throughout the year, incorporating both the previous and the new Local Code, and the annual review of governance has taken account of both frameworks.

2. REPORT

2.1 The Annual Governance Statement 2016/17 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 2016/17 is attached to this report as Appendix A.

2.3 A review of governance was carried out in 2016/17 and highlighted some notable changes which have impacted upon governance. These include:

- A restructure of some departments within the Service was carried out in 2016/17 and three related functions, which used to be separate departments, have now been brought together within one team: Operational Assurance; Health, Safety and Environmental Risk Management; Business Risk Management. It is expected that this integration will result in more efficient and collaborative working.

- The Emergency Planning College carried out an audit of business continuity management arrangements, the findings of which have been fed into a business continuity management implementation plan.

- The Office of Surveillance Commissioners conducted an inspection to check on the Authority's compliance with the Regulation of Investigatory Powers Act (RIPA) and the report was positive, recommending only a few small changes to the Service's current RIPA policy and processes.

- The Authority published its first Efficiency Plan this year, setting out targets for achieving savings over the period of the Medium Term Financial Strategy. This will be updated annually and be included within the Annual Statement of Assurance in future.

2.4 The review identified a number of key future challenges impacting on governance:

- The Policing and Crime Act 2017 received Royal Assent at the end of January 2017 and will be enacted in full by April 2017.

- Another feature of the new legislation is the creation of a new statutory inspectorate for fire and rescue, so it is likely that the Service will be inspected under the new arrangements in 2018/19.

- A new integrated risk management plan will be developed and consulted upon during 2018.

- The European General Data Protection Regulation (GDPR) will come into UK law May 2018.

- Work is already underway to move the Service's information technology infrastructure towards Public Sector Network (PSN) compliance and this work will continue in 2017/18 with improvements to the security of systems and data as a result.

- The review of the Local Code of Corporate Governance identified some areas where further work will need to be done to ensure compliance with best practice.

- Continuing reductions in central government grant means that the Authority will need to make significant savings over the next two to three years at least, whilst continuing to maintain a service that meets public expectations.

- 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.

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 2016/17.

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

None.

John Buckley
CHIEF FIRE OFFICER

APPENDIX A

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 For the most part of the financial year 2016/17 the previous Local Code of Corporate Governance was in place. The new Local Code was adopted by the Authority in February 2017. This Annual Governance Statement therefore describes governance arrangements in place throughout the year, incorporating both the previous and the new Local Code, and the annual review of governance has taken account of both frameworks.

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.

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, fraud response and confidential reporting. 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
- Anti-Fraud and Anti-Corruption 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 on two levels, firstly at the corporate/strategic level by The Finance and Resources Committee which receives 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 Authority's Risk Manager on behalf of the Chief Fire Officer. In addition, the Service also maintains an approach to Risk via its business plan monitoring which is administered through its Corporate Support Department. This ensures the Service's Risk Manager can support departmental heads in robustly assessing the risks to the achievement of the services objectives.

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 2016 and February 2017. 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 & 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 comprehensive 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 also maintains a comprehensive approach to health and safety which is undertaken by the Service's Health and Safety advisor and monitored by the Health Safety and Welfare Committee.

4.4.4 The Authority employed 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 has been 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 of these 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 Section 114 and Section 112 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 monthly 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 2015/16 and it is anticipated this will be repeated in 2016/17. 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 During the year CIPFA / Solace published a revised framework for delivering good governance in local government 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 has good processes in place which are well embedded. A few improvements need to be made in order to achieve compliance with best practice as set out in the guidance accompanying the CIPFA / Solace framework and these areas will be worked on during 2017/18 and are listed in Section 5.

4.4.11 In addition to the over-arching review of corporate governance, a number of specific areas of governance were reviewed during the year. These included a review of the Authority's Consultation Framework, a new Internal Communications Strategy, a Protective Security Policy and an Environment and Sustainability Policy Statement.

4.4.12 Work started on a new performance management framework and this project will continue into 2017/18. 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. An Information Governance Update was presented to the Policy and Strategy Committee in February 2017, where it was agreed that an annual report would be made to that Committee in future to brief Members on information governance issues arising from the Freedom of Information Act, the Data Protection Act and the Regulation of Investigatory Powers Act.

4.4.13 The drive to continuously improve internal governance has continued this year, with the Strategic Leadership Team conducting a review of the way it was working and agreeing on improvements for the future. The Service's decision-making framework was also mapped out with the aim of making the governance process more transparent to all employees. Communication of key Service priorities has continued with the introduction of quarterly Middle Manager Briefings designed to provide clear information to those attending, which should be cascaded to the wider Service through team meetings and other conversations with staff. A restructure of some departments within the Service was carried out in 2016/17 and three related functions, which used to be separate departments, have now been brought together within one team: Operational Assurance; Health, Safety and Environmental Risk Management;

Business Risk Management. It is expected that this integration will result in more efficient and collaborative working.

4.4.14 In addition to the usual Internal and External Audit reviews, two other inspections were carried out in the year. The Emergency Planning College carried out an audit of Business Continuity Management arrangements, the findings of which have been fed into a Business Continuity Management implementation plan. The Office of Surveillance Commissioners conducted an inspection to check on the Authority's compliance with the Regulation of Investigatory Powers Act and the report was positive, recommending only a few small changes to our current RIPA policy and processes.

4.4.15 The Authority published its first Efficiency Plan this year, setting out targets for achieving savings over the period of the Medium Term Financial Strategy. This will be updated annually and be included within the annual Statement of Assurance in future.

4.4.16 In August 2016 the Authority did not meet the statutory requirement to send Pension Annual Benefits Statements to members of the Firefighter Pension Schemes by 31 August 2016. The Local Firefighter Pension Board was kept fully informed of the issues causing this breach of regulations and supported the decision to delay sending statements until the information contained within was deemed to be accurate. The breach was reported to The Pensions Regulator, the statements were sent by the end of October 2016 and the matter is now closed with no action taken against the Authority by the Regulator as plans were put in place to rectify the issue as quickly as possible. This issue was reported to the Policy and Strategy Committee during the 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 2017/18.

4.5 Internal Audit

4.5.1 The Authority procured 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 2016/17, 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 2017 concluded that:

"From the work carried out during the 2016/17 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 2016.

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 2016 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 confirmed that the quality of the accounts was good, with no material adjustments required. One key risk was identified prior to the audit, in respect of the new firefighter pension scheme, but the audit work carried out in this area revealed no matters of significance. Three recommendations were made in the report and these are all being addressed as part of the final accounts process for 2016/17.

5.0 **SIGNIFICANT ISSUES FOR GOVERNANCE IN 2017/18**

5.1 The Policing and Crime Act 2017 received Royal Assent at the end of January 2017 and will be enacted in full by April 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 in the future. Another feature of the new legislation is the creation of a new statutory inspectorate for fire and rescue, so it is likely that the Service will be inspected under the new arrangements in 2017.

5.2 A new Integrated Risk Management Plan will be developed and consulted upon during next year. The European General Data Protection Regulation (GDPR) will come into UK law May 2018. The service is following the Information Commissioner's summary of 12 preparation steps for GDPR, and monitoring this through the Protective Security Group. Work is already underway to move the Service's information technology infrastructure

towards Public Sector Network (PSN) compliance and this work will continue in 2017/18 with improvements to the security of systems and data as a result.

5.3 The review of the Local Code of Corporate Governance identified some areas where further work will need to be done to ensure compliance with best practice. The main areas, which will be addressed during 2017/18, are:

- The creation of a Collaboration strategy / framework
- A Communications strategy which addresses external communications
- 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)"

5.4 Continuing reductions in central government grant means that the Authority will need to make significant savings over the next two to three years at least, whilst continuing to maintain a service that meets public expectations. 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. The Authority accepted the government's offer of a four year financial settlement covering the period up to 2020, however following the general election on 8th June 2017 the next parliamentary period will extend to 2022 and it is possible that a new government may commission a further spending review to cover the longer timescale. It is also a possibility that the four year settlement could be rescinded by a new government. The Authority is expecting austerity to be a continuing theme and future financial planning will take account of this.

5.5 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.

5.6 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 CHAIRMAN	John Buckley CHIEF FIRE OFFICER