



ANNUAL GOVERNANCE STATEMENT 2021/22

1. Scope of Responsibility

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 improvement in the way in which its functions are exercised, having due regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions that includes ensuring a sound system of internal controls is maintained throughout the year and that arrangements are in place for the management of risk. In exercising this responsibility, the Authority also relies on the Chief Fire Officer to support the governance and risk management processes.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the Delivering Good Governance in Local Government Framework 2016 (CIPFA/SOLACE). A copy of the code is on our website at:

<http://www.cambsfire.gov.uk/documents/FA - Code of Governance.pdf>

This statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015 (as amended) in relation to the publication of a statement of internal control.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes and culture and values by which the Authority is directed and controlled and its 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, cost-effective services.

The system of internal controls is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable 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 controls is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, evaluate the likelihood of those risks being realised and the

impact should they be realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Authority for the 12 months ending 31 March 2022 and the Head of Internal Audit opinion was:

- The organisation has an adequate and effective framework for risk management, governance and internal control;
- However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

3. The Governance Framework

The key elements of the systems and processes that comprise the Authority's governance arrangements include:

- A vision that clearly sets out our purpose and to which the Authority's objectives and priorities are directly related.
- The Authority's core objectives and priorities are set out in its Integrated Risk Management Plan (IRMP). The IRMP is focused over a period of four years and details an action plan after consideration of our vision, excellence statements and risks and opportunities. The actions within the plan are monitored and managed by the Programme Board.
- The Authority's core objectives cascade through departmental and group plans to individual performance management plans. In addition, they set out the key activities and related targets for each group and the measure of success that will evidence achievement of these. For each activity target start and finish dates and lead Officer are identified. This document becomes, in effect, the action plan for the work of that group. These plans are then further refined into station and team plans.
- Arrangements for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- Programme and project management embedded throughout the Service to ensure effective implementation of strategic projects and efficiency gains are realised and recorded.
- Strategy Boards for property and ICT which oversee both areas owing to the significant on-going expenditure in both areas.
- An Annual Report/Statement of Assurance which looks back at the previous year to see how we performed and details priorities for the current year.
- A continuous performance cycle that focuses on objectives and the introduction of new business critical projects, whilst managing business as usual. The system seeks to manage conflicts of resources, whilst updating objectives to reflect the revised priorities.

- Having embedded arrangements for whistle blowing and for receiving and investigating complaints from the public.
- Ensuring the Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).
- A partnership strategy designed to ensure all partnership activities are appropriate and will contribute to the Authority's key objectives.
- Performance management reviews undertaken quarterly highlighting performance against the agreed targets.
- A system of internal control which comprises a network of policies, procedures, reports and processes. These arrangements clarify the Authority's vision, objectives, priorities, risk management arrangements, performance management processes and financial controls and aim to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.
- An integrated risk management strategy and framework that ensure effective management of strategic, programme and project risks.
- Identification of the Authority's business continuity function and responsibilities with regard to the Civil Contingencies Act and preparation of business continuity plans.
- Clear scheme of delegation that sets out the roles and responsibilities of the executive, non-executive, scrutiny and Officer functions together with protocols for effective communication.
- Arrangements for developing, communicating and embedding codes of conduct, defining standards of behaviour for Members and staff.
- The financial management of the Authority and the reporting of financial management to the Policy and Resources Committee.
- The performance management framework of the Authority and the reporting of performance management to the Overview and Scrutiny Committee. This receives regular performance indicator reports and undertakes the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police (2018).
- An internal quality assurance function that targets areas of risk and recommends improvement measures. This function also considers legislation compliance annually.
- Accreditation by the British Standards Institute for Business Continuity, Information Security, Health and Safety and Environmental Management.

More specifically, the Authority's internal financial control is exercised through:

- A written scheme of delegation from the Authority to Officers.
- A scheme of financial management which includes financial regulations governing how Officers conduct financial affairs and contract regulations which detail fully the responsibilities of Officers in ensuring that contract procedures comply with legal requirements, achieve value for money, promote public accountability and deter corruption.
- A comprehensive budgeting system.
- An Overview and Scrutiny Committee, which has responsibility for performing scrutiny reviews on key projects and issues.
- The submission of quarterly budgetary control reports to the Policy and Resources Committee.
- The production of annual local performance indicators which are reviewed by Heads of Group and the Chief Officer Group.

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 the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Authority who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors in their annual audit letter and other reports, other review agencies and inspectorates.

In this regard the Authority retains, contractually, the internal audit services of RSM Risk Assurance Services LLP to provide an independent appraisal function to review and report on the effectiveness of the systems of internal controls within the Authority. The internal audit team works to defined professional standards, particularly those promulgated by CIPFA in its Code of Practice for Internal Audit in Local Government. The Internal Audit Plan is prepared on the basis of a formal risk assessment and the internal auditor reports directly to the Authority via the Overview and Scrutiny Committee on both the proposed plan and the main outcomes of audit work.

The external auditor reports and delivers plans and an annual letter to the Authority via the Overview and Scrutiny Committee.

A full review of the Authority's strategic risk strategy, process and register has been undertaken. The reviewed strategy and policy have been approved by the Policy and Resources Committee.

Our internal auditors have carried out sufficient audit work to draw a reasonable conclusion on the adequacy and effectiveness of the Authority's governance arrangements.

We have been advised on the implications of the result of the reviews of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Progress made against Governance Issues identified in 2020/21

- **CFRMIS – Collection and Update of Risk Information** following the HMICFRS Review (partial assurance) – the Authority received a follow up audit report in September 2022 giving substantial assurance that the controls upon which it relies to manage this area are suitably designed, consistently applied and effective.
- **Human Resources – Training, Recording and Competency System** (partial assurance) – improve currency of training policies and review schedule cognisant of national guidance and best practice controls. Reasonable progress has been made with five of the eight agreed management actions being completed. Work continues to fully implement the remainder.

Significant Governance Issues for 2021/22

- **Asset and Fleet Management System** – the auditors found that processes could be improved in relation to utilising the asset management system for example, fully and consistently populating data fields. There was no Asset Management Policy in place to define the roles and responsibilities within asset management and no central guidance on how the Authority purchased, tested and maintained its assets. The Service now has a strategy and Fleet Management Plan in place to mitigate the risks of not being able to manage its assets and any potential budgetary decisions.
- **Sickness Absence Management** – although several good practices were found, the auditor felt that further improvements could be made to strengthen the control environment. These included monitoring of compliance with sickness absence procedures (without exception) and consideration of refresher training in absence management. The latter has not been delivered since 2019, due in part, to the impact of the pandemic. The Service has since revised, consulted on and agreed a sickness policy. When this is launched, training will be provided.

5. Other Considerations

The Authority will continue to take action to deal with governance issues relating to:

- Progression with the build of a new training centre and community fire station at St John's in Huntingdon to include all aspects of project construction, spend and disposal options for the current site;
- Progression with wider property portfolio collaboration opportunities;
- Monitoring the progress of central government consultations into fire sector reform and public inquiry's into events that affect the emergency services for example, Grenfell Tower and Manchester Arena and be prepared to act on the outcome(s) once known.

- Producing a Financial Business Continuity Plan to prepare for any budget pressures including but not limited to national pay awards above 2%. The Authority, in partnership with the Service, will continue to liaise with Government regarding fairer funding formulas.
- Prepare resilience plans for any industrial action that may result from national pay negotiations failing.

6. Post Coronavirus (COVID-19) Pandemic Arrangements

The pandemic has had a significant impact on the organisation, how it operates, its risk profile and associated activities. The wellbeing of all staff remains of paramount importance to the Authority and although physical Authority meetings have been permitted since early 2021, the Service undertook a phased return to 'business as usual' and commenced a "ways of working" project to ensure learning and experiences from the pandemic inform how it moves forward efficiently and effectively.

Although there have been no significant changes to longer term priorities, strategies and plans in this reporting period, the Authority remains flexible in its approach to operational resilience and arrangements to deal with service demand in a changing local and national situation.

7. Conclusion

Based on the opinion of the Head of Internal Audit and our own ongoing work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective.

We propose over the coming year to take steps to address the above matters to further enhance these arrangements and will monitor the implementation and operation of improvements.



Chris Strickland
Chief Fire Officer and Chief Executive

Date: 3 November 2022



Councillor E Murphy
Chair Cambridgeshire and Peterborough
Fire Authority
Date: 3 November 2022