

CHESHIRE FIRE AUTHORITY

MEETING OF: AUDIT COMMITTEE
DATE: 24 JANUARY 2024
REPORT OF: TREASURER
AUTHOR: PAUL VAUGHAN

SUBJECT: ANNUAL GOVERNANCE STATEMENT – PROGRESS
AGAINST AREAS FOR ACTION 2023-24 (AND 2022-23)

Purpose of Report

1. This report updates Members on progress against the Areas for Action contained in the Authority's Annual Governance Statement (AGS) 2023-24. It also provides further commentary about some of the Areas for Action from the 2022-23 AGS.

Recommended: That

- [1] the report be noted; and
- [2] the Committee receives half yearly updates on progress against the Areas for Action as described in paragraph 4.

Background

2. The Authority is required to produce an Annual Governance Statement (AGS). Each AGS contains Areas for Action.

Information

Areas for Action in 2023-24 AGS

3. There were four Areas for Action. It is believed that three of the four can be closed, with the other expected to be closed by the summer of 2024.

[1] *Fire Authority – significant changes to Members post May election, training required.*

Action: Put in place a training and development programme for new members.

Update: New members have been successfully inducted and training has been delivered.

This Area for Action will be closed.

[2] Audit Committee – embed into business as usual

Action: Ensure that the Audit Committee considers appropriate matters, and Members receive sufficient training to successfully undertake their roles.

Update: The Audit Committee has been successfully established, considers appropriate matters and Members have received training. The Committee will produce its first annual report in April 2024 which will consider its level of effectiveness.

This Area for Action will be closed.

[3] HMICFRS – respond to any areas of improvement.

Action: Consider the results of the inspection and respond appropriately

Update: An action plan has been developed to deal with recommendations in the HMICFRS report. Progress against this plan will be considered at Performance and Overview Committee.

This Area for Action will be closed.

[4] A review is underway of services delivered jointly with the Police under Blue Light Collaboration.

Action: Consider the implications of the reviews and deliver the recommendations

Update: The majority of the reviews of the jointly delivered services are complete. The departments dealing with Corporate Communications, People and Organisational Development, Finance, Strategic Change and Information Management have been disaggregated, with the services now provided by staff employed by the Authority. The reviews concerned with Estates and Facilities, Information Technology, Legal, Procurement and Stores are all due to be considered in the near future.

The work associated with this Area for Action should be completed by the summer of 2024.

4. No formal arrangement is in place for the review of the AGS Areas for Action. It is recommended that they are reviewed twice each year; at the meeting in June (so that the results of the review may be incorporated in the following year's AGS); and the November meeting (along with the agreement of the Auditor's Annual Report). The Committee should also be satisfied that Areas for Action have all been completed. With this in mind, a section follows which is concerned with the Areas for Action in the 2022-23 AGS.

Areas for Action in 2022-23 AGS

5. There were six Areas for Action. The following Areas for Action have been closed:

[4] *The Authority has no formal Section 114 notice process in place.*

Process approved by Governance and Constitution Committee in July 2023.

[5] *The Authority's budget bid forms do not include sufficient information on options.*

The forms have been updated so that options are included, where appropriate.

[6] *The draft White Paper on Reforming Fire and Rescue Services has been released and the Authority will need to respond to it.*

A response was made within the timescale.

6. Of the three outstanding Areas for Action, two more appear to be capable of being closed. The following paragraphs provide an update.

[1] *The Authority does not have an asset management strategy in place.*

Action: Develop an asset management strategy

Update: Elements of the asset management strategy exist, e.g. a ten year plan for operational equipment and a fleet strategy. Further work is required with Estates and Facilities colleagues to develop a meaningful strategy associated with the Authority's land and buildings. Thereafter, an overarching asset management strategy will be prepared for approval by the end of Quarter 2 of 2024-25.

[2] *The Authority's budget managers require development and support in managing their budgets.*

Action: Work with budget managers in formal and informal setting to improve budget management.

Update: The development of the budget for 2023-24 using the Budget Management Board ensured that Principal Officers and Heads of Department were fully involved in budget setting, supported by the Finance Team, and this has continued into the development of the 2024-25 draft budget. The Medium-Term Financial Plan (MTFP) is a standing item on Service Leadership Team agendas in order to cement understanding and generate debate. Finance Team members meet regularly with budget managers to review departmental budgetary positions and regular budget monitoring reports are provided to Performance and Overview Committee.

It is considered that this is now business as usual for officers and therefore this Area for Action could be closed. The Finance Departmental Plan will reflect the need for ensuring that managers have sufficient support to manage their budgets and that developments will be introduced to financial reporting where necessary.

[3] *The Authority should ensure that its MTFP has sufficient sensitivity analysis on future sustainability.*

Action: Review the contents of the MTFP.

Update: The process used to develop the 2024-25 draft budget to be reported to the Authority in February 2024 has included the use of sensitivity analysis, in particular to reflect the uncertainties around funding, but also to consider the potential impact of differing expenditure scenarios. The report to the Authority will consider future financial sustainability and associated risks.

It is considered that this is now business as usual for the Finance Team and that this Area for Action could be closed.

Financial Implications

7. There are no financial implications arising from consideration of this report.

Legal Implications

8. There are no legal implications arising from consideration of this report.

Equality and Diversity Implications

9. There are no equality and diversity implications arising from consideration of this report.

Environmental Implications

10. There are no environmental impacts arising from consideration of this report.

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BACKGROUND PAPERS: NONE