

## **Report of the Head of Legal Services**

### **Draft Annual Governance Statement 2016/17**

#### **Purpose of report**

1. To consider evidence compiled during the self assessment review which provides the assurances that sit behind the Annual Governance Statement .
  2. To put forward the Draft Annual Governance Statement 2016/17 for approval.
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#### **Recommendations**

**It is recommended that the Draft Annual Governance Statement 2016/17 be approved.**

#### **Introduction and Background**

3. Governance is about how the Authority ensures that it is doing the right thing, in the right way for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which the Authority is directed and controlled and through which it accounts to and engages with its communities.
4. The Accounts and Audit (England) Regulations 2015 require that the Fire Authority reviews its arrangements for governance and systems of internal control at least on an annual basis. To meet this requirement, the operation of the Authority's governance arrangements is subject to an annual self assessment against the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) framework.
5. The annual self assessment review sets out the evidence of how the Authority has performed against the CIPFA/SOLACE framework and identifies any actions that are needed for the forthcoming year. Following the review the Authority is required to develop an annual governance statement which must be published alongside the unaudited statement of accounts at the beginning of the period for public inspection, which commences in early July.

#### **Annual Governance Statement**

6. The Annual Governance Statement is essentially a summary of the governance arrangements of which Members are familiar. It reports publicly on the extent to which the Authority's governance arrangements have met the values, principles and best practice, as set out in the Authority's Code of Corporate Governance.

Likewise, should the Authority have any significant governance weaknesses these will also be disclosed publicly within the Annual Governance Statement.

7. The Annual Governance Statement is a backward looking document up to the date of the approval of the Statement of Accounts i.e. 27 September 2017. The draft Annual Governance Statement is attached at Appendix 1.
8. It includes how the Authority has monitored the effectiveness of its governance arrangements, setting out any planned changes for the current period and sets out to:
  - identify the Authority's obligations and objectives;
  - identify tasks to achieve those objectives;
  - establish controls to manage risks; and
  - ensure the controls are working effectively.
9. The Annual Governance Statement will be audited by the External Auditors who will examine it as part of their work on the financial statements and the Value for Money Conclusion, which are included in the External Audit Findings 2016/17 to be reported to the Committee in September 2017.
10. In addition to the Annual Governance Statement, the Authority is required to publish an Annual Statement of Assurance, as required by the revised Fire and Rescue National Framework that was published by Government in July 2012. The Annual Statement of Assurance will be reported to the Committee in September 2017.

### **Self- Assessment**

11. The evidence compiled during the self assessment review forms the assurances that sit behind the Annual Governance Statement and is attached at Appendix 2. The self assessment document also includes an Action Plan for 2017/18 to incorporate any areas that need to be developed in the forthcoming year.
12. The self assessment uses the new CIPFA/SOLACE Framework published in 2016. The new framework sets out 91 behaviours and actions against which the Authority must demonstrate good governance in practice, compared to the 55 requirements in the previous framework. Officers have assessed existing arrangements and documents against the new requirements and the status of how the Authority complies with each requirement is included.
13. Members will note from the self-assessment that the Authority has provided evidence of compliance with all the core and supporting principles of good governance. There are no areas where immediate action is required. However, there are two areas which indicate the Authority complies with the requirements but some minor actions are necessary as the review of some documents and arrangements have not yet been completed. These areas include the following actions that have been incorporated as actions for 2017/18:
  - Continue to review Standing Orders for Regulation of Contracts;
  - the Financial Regulations to be reviewed;

- an induction for new Members (this took place on 12 and 27 June 2017); and
  - due to the new Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the Authority is required to publish information relating to any gender pay gap in the organisation.
14. Members will note that there are two areas where the direction of travel have improved during 2016/17:
- a Register of Interests for Senior Officers has been implemented
  - Code of Conduct refresher training has been undertaken for Authority Members
15. Further assurances are included at Appendix 3. These assurances relate to the expanded requirements from the Chief Financial Officer Statement as reflected in the local Code of Corporate Governance.

### **Conclusion/Summary**

16. The Annual Governance Statement reports publicly on the extent to which the Authority's governance arrangements have met the values, principles and best practice, as set out in the Authority's Code of Corporate Governance. Likewise, should the Authority have any significant governance weaknesses these will also be disclosed publicly within the Annual Governance Statement.
17. The Committee has delegated responsibility to approve the Annual Governance Statement which will accompany the Statement of Accounts that will be published alongside the unaudited statement of accounts at the beginning of the period for public inspection, commencing in early July. The draft Annual Governance Statement is attached together with the relevant assurances for consideration.

## Corporate Considerations

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	The Annual Governance Statement provides assurance for Members that effective governance arrangements are in place.
<b>Strategic Policy Links</b> (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications)	The Annual Governance Statement links with 'Our Strategy' as it demonstrates how the Authority ensures the delivery of quality services.
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores)	The Annual Governance Statement provides assurance for Members that effective governance arrangements are in place.
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	The Annual Governance Statement incorporates comments from both Internal and External Auditors and will be published for public inspection.
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	No this has not been necessary as the Annual Governance Statement is a summary of existing arrangements. There are no new proposals set out that would need to be assessed in terms of equalities.

## Supporting Information

Appendix 1 – Draft Annual Governance Statement  
Appendix 2 – Annual Governance Statement Assurances  
Appendix 3 – Chief Financial Officer Statement

Background papers:

Accounts and Audit (England) Regulations 2015  
CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016  
Hereford & Worcester Fire Authority Code of Corporate Governance

## Contact Officer

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