

**Report of the Chief Finance Officer/S151 Officer for the PFCC to the Chair and Members of the North Yorkshire Fire Independent Audit Committee**

**11<sup>th</sup> April 2024**

**Presenting Officer: Michael Porter, Chief Finance Officer**

**Status: For information**

**Annual Governance Statement – Actions Update**

**1 Purpose**

- 1.1 Authorities, including Police, Fire and Crime Commissioners, are required to prepare an Annual Governance Statement (AGS). The report is about all corporate controls and not confined to financial issues and therefore is no longer published within the Statement of Accounts. Guidance from CIPFA envisages that the statement is reviewed by a Member group during the year (rather than just at year end) as an integral and indeed critical component of the review process.
- 1.2 The Audit Committee has been tasked with 'Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the PFCC as appropriate'
- 1.3 The purpose of this report is to update the Committee on the progress against the issues raised in the PFCC FRA's 2022/23 AGS which was considered by this Committee in meetings in June and November 2023.

**2 Recommendations**

That Members:

- 2.1 Note the current progress against the issues and action points raised in the 2022/23 Annual Governance Statement.
- 2.2 Note that any outstanding actions will continue to be worked on over the coming months and reflected in the draft of the 2023/24 AGS, as needed, which will be brought to this Committee at its meeting in June.

### **3 Reasons**

- 3.1 In line with requirements the PFCC FRA agreed the 2022/23 AGS at the end of November 2023. This statement included 7 items that were deemed to require further and/or continued focus from the PFCC FRA. This report provides an update on all of those items so that Members can see the progress made to date and also so that they can take these items into account when the AGS for 2023/24 is developed.
- 3.2 A schedule that contains the actions within the Annual Governance Statement has been attached to this report along with updates against the actions.
- 3.3 As can be seen from the updates provided in the appendix to this report significant progress has been made against the vast majority of the actions that were agreed.

### **4 Risks**

- 4.1 Publication and approval of the Annual Governance Statement is a mandatory requirement. Failure to achieve this would undermine the PFCC's progress in promoting corporate governance and driving up performance.
- 4.2 The PFCC could also expose itself to risk to its reputation if the External Auditor concluded that proper practices were not being followed in preparing the AGS, and then addressing those issued raised within the Statement and commented on this in a public report.
- 4.3 The arrangements set out in this report seek to mitigate these risks.

### **5 Conclusions**

- 5.1 The purpose of the Annual Governance Statement process is to provide a continuous review of the effectiveness of an organisation's governance arrangements including internal control and risk management systems. Addressing issues raised as part of the AGS process is a vital part of this process to demonstrate and ensure that improvements are being made within the organisation.

Michael Porter  
PFCC's Chief Finance Officer/S151 Officer

## Annual Governance Statement Actions – Updates

SIGNIFICANT GOVERNANCE ISSUES
<p><b>Action</b></p>
<p>During 2022/23 HMICFRS raised 2 causes of concern in relation to North Yorkshire Fire, the first was that the Service doesn't have in place robust processes to ensure transformation activities provide efficiency and effectiveness. HMICFRS have subsequently recognised the Service has invested time and resources to develop its improvement plans and establish robust monitoring and governance arrangements and that the latest iteration of the service's medium-term financial plan shows a balanced budget that incorporates the efficiencies and savings to be generated from the Risk and Resource Model.</p> <p><b>ACTION:</b> Ensure that all aspects of these Cause of Concerns are progressed and specifically ensure that processes are in place to monitor and evaluate the services provided by Enable.</p>
<p>During 2022/23 HMICFRS raised 2 causes of concern in relation to North Yorkshire Fire, the second was that the Service doesn't have in place adequate workforce planning processes. This means that areas such as safety-critical training, succession planning, absence and work-time management don't support its current and future integrated risk management plan.</p> <p><b>ACTION:</b> Ensure that a comprehensive workforce plan, alongside a retirement profile, and recruitment and promotion plan is in place by April 2023 and also ensure that all aspects of this Cause of Concerns are progressed prior to the next HMICFRS visit in September 2023.</p>

### Progress against the causes of concern

The HMICFRS reported in September 2023 that, 'The service has made notable progress to implement several changes that are already having a positive effect on the provision of enabling services. These are given below.'

#### The service doesn't have in place robust processes to ensure transformation activities provide efficiency and effectiveness

- The service's performance management system and governance framework have been strengthened.
- The support function, Enable, has been restructured. The role of managing director has been replaced by an assistant chief officer who reports directly to the deputy chief fire officer. This is to clarify accountability and separate fire and police structures. A planned review later this year will also help to decide future direction of Enable. It will build on the changes made since our visit in January 2023, including the decision to change the model for its business design and assurance function. This should make sure that there is an appropriate focus on fire-related needs and requirements.
- The service's medium-term financial plan shows a balanced budget that incorporates the efficiencies and savings to be generated from the risk and resource model. The service has confirmed that the savings identified will be reinvested as planned.

The service doesn't have in place adequate workforce planning processes

The service has made progress in further upgrading its data and processes to support how staff capacity and capability are managed. The service has upgraded some of its systems and they are used to support the process it has established to monitor the working time of staff. In particular, the following improvements have been made:

- The service is now fully informed on workforce data and has carried out a skills gap analysis.
- The service has approved a two-year training plan in line with national operational guidance and incorporated it into its budget.
- The service's workforce and training plans now identify necessary succession planning and recruitment requirements.
- The service has added timelines to its skills-focused training plan according to date of expiry and in advance of deadlines.
- The service has addressed the number of temporary posts and has successfully appointed permanent staff to a middle-management level.
- Further promotion processes are ongoing in line with the phased approach to future staffing requirements.

The HMICFRS concluded in their September 2023 update letter that:

**'We recognise the considerable work carried out to support these improvements. As a result, we now consider both causes of concern to be resolved. We will, however, continue to monitor them during our scheduled inspection of the service in 2024 as part of our established inspection methodology'**

<b>SIGNIFICANT GOVERNANCE ISSUES</b>
<b>Action</b>
The new Senior Leadership Team working with new Internal Auditors have targeted areas of management concern within the 2022/23 Internal Audit Plan. The results of these reviews have however proved those concerns to be true, and the outcome of this work is an adverse Head of Internal Audit Opinion for 2022/23.  <b>ACTION:</b> Ensure that the Risk and Assurance Board oversees the timely implementation of all actions raised within the all Internal Reports and holds all action owners to account.

Progress continues in this area, with the Risk and Assurance Board revising its approach to its oversight and scrutiny of the actions raised within Internal Audit Reports in recent months on the back on slower than expected progress in implementing previously agreed actions.

Check and Challenge sessions have now commenced to provide wider organisational support and understanding to the implementation of all actions going forward. This is likely to be an area of continued/significant focus for 2024/25 also.

<b>Areas which require further/continued focus</b>
<b>Action</b>
Significant issues in relation to behaviours and culture have been raised in Fire Services around the country and in particular the Independent Review of the London Fire Service as a result Chief Fire Officer committed to review North Yorkshire Fire against the recommendations within that report and develop this area significantly.
<b>ACTION:</b> The Service will develop a cultural roadmap to change the organisations culture, in line with local values and the national Core Code of Ethics.

The Service completed a review its entire EDI&C governance and Network structure, resulting in a new Strategic and Tactical EDI Board, with revised ToR and attendees, targeted at delivery and assurance, not reassurance. The ToR includes a gap analysis and assurance of progress against the National EDI Strategy, LFB Culture Review and NYFRS EDI Strategy, encompassing one overarching plan. The DCFO Chairs the Tactical Board, with representatives from the 6 refreshed Network Groups, alongside 12 new diversity champions across the Service. To support the progress, we have:

- New Strategic Framework with EDI&C and Leadership being core tenets of the strategy
- Implementation of a new People Plan
- 360 degree feedback for Strategic leaders, with middle/supervisory leaders being rolled out asap
- Consulted with all staff on local/national values implementation – leading to adoption of the national Core Code of Ethics as our Service values
- Refreshed the recruitment and selection policy
- Transfer Policy
- Held open days Service wide to promote community inclusion and through ‘have a go days’ promoted positive action initiatives
- Successfully developed and delivered Strengths Based Assessment, replacing competency-based assessments for all promotion boards Chief Fire Officer to Firefighter
- Developed an internal Coaching and Mentoring Academy
- Entered into a collaboration agreement titled – A Framework for Change, with Huddersfield University (attracting over £125k investment) for a 14-month academic review of the services culture, leading to an academic paper being published and SLT being presented with a tool it for improvement and cultural change roadmap
- All-encompassing staff face to face EDI training with a suite of Vlogs to help aid understanding and start open conversations
- Continued investment in the estate with delivery of station-based improvements being on-track
- Continued On call recruitment and Whole-Time recruitment (with 24% women candidates being successful for the course in April)

<b>Areas which require further/continued focus</b>
<b>Action</b>
Ensure that the appropriate Governance and oversight is in place to deliver the improvements to the Fire Estate to ensure better access and facilities for all employees.
<b>ACTION:</b> Ensure that the approved works are completed on time and that the secondary impact assessments, for those improvements that have been paused are completed by the end of September 2023 for further consideration and decision.

While there is much work to do, and on-going within the Fire Estate, this specific action has now been completed.

<b>Areas which require further/continued focus</b>
<b>Action</b>
The Senior Leadership Team is now balanced to reflect a team of operational strategic leaders, able to deliver a national perspective in a local context, leading change at pace, within the financial envelope of the current funding model. Similar stability is therefore needed throughout the Service
<b>ACTION:</b> Implement a talent pipeline to substantiate all temporary posts in the Service from Deputy Chief Fire Officer to Crew Managers.

Through the Strengths Based Assessment, promotion centres have been undertaken for all roles from Deputy Chief Fire Officer to Firefighter in 18 months, representing an enormous joint enable/fire effort and success story, resulting in:

- The managerial structure vacancies reducing from 42% temporary to 11% year on year – including secondments out of the Service
- Recruitment activity culminating in an intake of approximately 35 new substantive Wholetime Firefighters this year, which will result in much fewer temporary contracts.
- Review of development folder progress and managerial push for progress
- Progression of a re-engagement policy through Peoples Services to enable the service the ability to retain skills, experience and reduce the burden on the on call through temporary contracts (this will be come to the FBU for consultation when ready)
- Promotion boards and recruitment activity for the next 18 months has been proposed to ensure the service doesn't regress to a reactive temporary structure again
- Delivered First Line Leader training to all Middle and Supervisory Managers

Alongside this, the Service has successfully recruited a number of women across all roles in the Service and enable, including at SLT and minority groups into our operational staff.

<b>Areas which require further/continued focus</b>
<b>Action</b>
The procurement internal audit report highlighted that there were gaps in the publication of statutory information on the website relating to the Fire Service.  <b>ACTION:</b> Review to be undertaken of both the PFCC and Fire Service website to take place to highlight any additional gaps in the publication of statutory information.

The procurement information that was previously highlighted as a gap is now regularly reported and updated on the Fire/PFCC website.

Full details of all statutory information is now easily visible on the PFCC website, on the link below, with no current gaps highlighted

<https://www.northyorkshire-pfcc.gov.uk/transparency/sio/>