

# Annual Governance Statement

Position as at 31<sup>st</sup> March 2023 including plans for the financial year 2023/24.

During 2018/19 North Yorkshire Fire and Rescue Authority (NYFRA) was abolished and replaced by the North Yorkshire Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCC FRA). This annual governance statement reflects the fourth full year of the new governance framework put in place for the PFCC FRA for the year ended 31 March 2023 including plans for the financial year 2023/24.

## **1. Scope of Responsibility**

- 1.1 The PFCC FRA is responsible for ensuring 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 PFCC FRA also has a duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the PFCC FRA is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PFCC FRA places reliance on the Chief Fire Officer to support the governance and risk management processes.
- 1.3 The PFCC FRA has an overarching code of corporate governance in place to ensure the governance arrangements are easily accessible with all of the key documents captured in one place. The code is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government and while under constant review to ensure it meets the needs of the organisation is it the subject of formal review and publication annually.
- 1.4 Copies of the Code of Corporate Governance are available on our [website](#).
- 1.5 This statement explains how the PFCC FRA has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of a statement on internal control.

## 2. The Purpose of the Governance Framework

2.1 The governance framework comprises both the culture and value, and systems and processes, by which the PFCC FRA is directed and controlled and their activity through which it accounts to and engages with the community. It enables the PFCC FRA to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money.

2.2 The [Fire and Rescue Plan 2022-25](#) was in place throughout the 2022/23 financial year which set out the strategic vision, priorities and objectives for North Yorkshire Fire and Rescue Service over that three year period including how it would better respond to the needs of the communities of North Yorkshire. The plan set out the following 4 principles:

- Caring about the vulnerable
- Ambitious collaboration
- Realising our potential
- Enhancing our service for the public

2.3 The PFCC has considered what is achievable for North Yorkshire Fire and Rescue Service in working towards achieving the ambition set out through these Principles over the next two to three years and has set outcomes that she will assess their progress against. These are:

- Actively engage with all communities to identify need and risk and to reassure.
- Work jointly as a trusted partner to prevent harm and damage, intervene early and solve problems.
- Deliver the “Right People, Right Support” every time.
- Maximise efficiency to make the most effective use of all available resources.
- Enhance positive culture, openness, integrity and public trust.

2.4 The Service has also continued to embed its Values which were launched during 2020/21, to align with the strategic vision, which are as follows:

- PEOPLE - We exist to serve the public - we put people first
- RESULTS - We achieve positive results
- INCLUSION -We embrace inclusion
- CREATIVITY - We encourage and promote creativity
- LEARNING - We never stop learning

2.5 Whilst also adopting the national Core Code of Ethics which was launched in May 2021 and sets out 5 ethical principles, as follows:

- Putting our communities first – we put the interest of the public, the community and service users first.
- Integrity – we act with integrity including being open, honest and consistent in everything we do.
- Dignity and respect - making decisions objectively based on evidence, without discrimination or bias.
- Leadership – we are all positive role models, always demonstrating flexibility and resilient leadership. We are all accountable for everything we do and challenge all behaviour that falls short of the highest standards.
- Equality, diversity, and inclusion (EDI) – We continually recognise and promote the value of EDI both within the FRSs and the wider communities in which we serve. We stand against all forms of discrimination, create equal opportunities, promote equality, foster good relations, and celebrate difference.

- 2.6 These principles, expected outcomes and Values help shape the governance framework of the Fire Service.
- 2.7 The system of internal control 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; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PFCC FRA'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 effectively, efficiently and economically.
- 2.8 A governance framework has been in place at the PFCC FRA for the year ended 31 March 2023 and up to the date of the approval of the financial statements.

### **3. The Governance Framework**

- 3.1 In April 2016 CIPFA published an updated version of their "Delivering Good Governance in Local Government: Framework". The 2016 Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) ('the International Framework') and interprets them for local government.
- 3.2 The seven principles (A to G) are considered below and have been utilised in our review of governance and in developing this AGS.

#### **4 PRINCIPLE A: BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

The PFCC FRA is accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

##### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The Code of Corporate Governance requires all parties to abide by the 7 Nolan Principles, these will be central to the behaviour of everyone in the organisation. It also highlights the expectation that the relationship between all parties will be based on the principles of goodwill, professionalism, openness and trust
- The Financial Management Code of Practice requires the PFCC FRA to ensure that the good governance principles are embedded within the way that the organisation operates
- The PFCC FRA has set out their values in the respective corporate and strategic plans

##### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Behaving with integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of law

The review recognised the Service has again reviewed and refreshed its overall Code of Corporate Governance during the year to ensure that it was both fit for purpose and also continued to reflect the changes and learning from the relatively new Governance arrangement that the organisation has transitioned to over the last few years.

The review recognised the recent discussions about the potential for overlap and lack of clarity in relation to having both Service Values and a National Code of Ethics and looks forwards to seeing this develop over the coming year.

The review reflected on the significant issues that have been raised in Fire Services around the country and in particular the Independent Review of the London Fire Service, it welcomed the commitment by the Chief Fire Officer to review North Yorkshire Fire against the recommendations within that report. This is clearly an area that will need significant focus, development and investment going forward, the review looks forward to seeing this area develop with the Chief Fire Officer having indicated that the three key areas with the review were focussed around the creation of a compelling vision; transparency and trust; and giving people a voice.

## **PRINCIPLE B: ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

Public Services, including the Fire and Rescue Service, are run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The PFCC FRA is accountable to local people and draws on this mandate to set and shape the strategic objectives for the North Yorkshire area in consultation with the Chief Fire Officer.
- The Police, Fire and Crime Plan will clearly set out what the strategic direction and objectives are to be and how they will be delivered.
- To complement this, the PFCC FRA's communication and engagement strategies set out how local people will be involved with the PFCC FRA to ensure they are part of decision making, accountability and future direction. This will be a mixture of being part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge.
- The PFCC FRA has developed arrangements for effective engagement with key stakeholders, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction
- The strength of the PFCC FRA's working relationship with the Police, Fire and Crime Panel, constituent local authorities and other relevant partners.

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging stakeholders effectively, including individual citizens and service users

This area continues to be a key priority for PFCC with 11 separate live broadcast [Public Accountability Meetings](#) taking place during 2022/23, which allowed the PFCC to hold the Fire Service to account while providing the opportunity for members of the public to email questions in advance of the meeting and/or to use Twitter during the meeting to ask questions. The review reflected that this was a significant strength of the organisation during both significant change for the Service and also during a time on adverse inspection reports.

The PFCC enhanced previous public engagement with the development of the 2022-25 Fire and Rescue Plan with wider engagement and consultation. The current plan is based on engaging with over 3,500 people within York and North Yorkshire, and over 2,000 people responded to the survey which helped inform this new plan.

This significant engagement with the public around the Fire and Rescue plan is also supplemented by separate engagement and consultation with the public in relation to the annual Precept proposal. The results of the consultation with the public of North Yorkshire in relation to the level of Fire precept for 2023/24, which was undertaken in 2022/23, and had 2,343 responses, resulted in 52% supporting the 6.6% increase proposed by the PFCC.

The consultation and engagement work in relation to the Risk and Resource model which will 'ensure that our firefighters and staff are in the right place at the right time to deliver the right and most appropriate service, with the right equipment and skills in the best possible way' was concluded during 2022/23.

The changes were proposed to the public early in the 2022/23 financial year, detailing how the Fire and Rescue service would seek to deploy its people, equipment and resources based on an extensive risk assessment across North Yorkshire and York, which identified the likelihood and severity of fires, road traffic collisions, water related incidents, and other emergencies.

Consultation with the public consisted of 12 public events at which 1,400 people actively engaged, three resident focus groups and an online survey which received 1,300 responses. Throughout this period the PFCC put the questions asked by the public to leaders of the Fire and Rescue Service and interrogated their response, scrutinising the detail of the data and evidence set out.

The review reflected that the overall work around this principle is excellent and a significant strength and base from which the Service can then deliver for the public.

## **PRINCIPLE C: DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS**

The long term nature and impact of many of the PFCC FRA's responsibilities mean that they should seek to define and plan outcomes and that these should be sustainable. Decisions should contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The FRS Act 2004 requires the PFCC FRA to issue a Fire and Rescue Plan and the Fire and Rescue Statement, which defines the fire and rescue objectives (outcomes) and the strategic direction for the Fire Service.
- The Fire and Rescue Service will have a corporate/strategic plan which sets out how it will operate to support achievement of these outcomes.
- Collaboration agreements will set out those areas of business to be undertaken jointly with other fire and rescue authorities, local policing bodies and other emergency services, in order to reduce cost, increase capability, and/or increase resilience to protect local people.
- A medium term financial strategy will be developed and thereafter reviewed regularly to support delivery of these plans. Where necessary protocols will ensure proper arrangements for financial management

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Defining outcomes
- Sustainable economic, social and environmental benefits

During 2022/23 HMICFRS raised 2 causes of concern in relation to North Yorkshire Fire, the first was:

#### **Cause of concern**

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

#### **Recommendation**

By September 2022, the service should put in place plans that are designed to:

- detail in its medium-term financial plan the efficiencies that its transformation plans will bring for the service;
- make sure that its processes for working with other organisations are effective, provide value for money and benefits for the public, and don't negatively affect the service; and
- monitor, review and evaluate its collaboration activities, such as enabling services, to make sure they achieve best value for money and are beneficial for both the service and the public.

In line with the recommendation the review recognised that the Service has undertaken a significant amount of work to align the new Risk and Resource Model and Transformation Plans with the Medium Term Financial Plan. The review welcomes that these plans align within a financial plan that is currently balanced across its 4 year life, despite significant levels of both pay and non-pay inflation.

This was also recognised by the HMICFRS who followed up the Causes of Concern and wrote to the PFCC in April 2023 stating 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.'*

In relation to the other bullet points within this area of concern the HMICFRS reflected as follows in the same letter:

*'The service has formally established a steering group to oversee collaboration activities and developed performance frameworks, specifically in relation to the enableNY programme. The service told us processes to monitor and evaluate services provided by enableNY will be in place by the end of this current financial year.'*

*'We recognise that this work can't be measured for at least 6 to 12 months, but it is a positive step in the right direction. We will be interested to see the evaluation and what the service does in response to its findings.'*

The review welcomes the progress in development of the plans to improve this area and it keen to see these translate into implementation and action during 2023/24.

**The second Cause of Concern raised by HMICFRS 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.*

The follow-up from the HMICFRS in April 2023 reflected the following update in this area:

*The service is developing data and processes to support the management of staff capacity and capability. It has made good progress in developing stronger processes and systems, including the provision of reliable workforce data. It has also carried out a skills gap analysis and managers now have access to reports providing numbers, capability and locations of all staff. The service is continuing to review its workforce to ensure all staff have the skills and training they need as further changes take place. The number of temporary posts is being addressed, with some permanent appointments made within the senior leadership team. A phased approach is being taken due to the number of staff movements required.*

*The service has reviewed its absence management policy and procedure, and is currently consulting on this with trade unions. It is also reviewing policies and reports on how many hours staff work. As a result of all this activity, the service expects that a comprehensive workforce plan, alongside a retirement profile, and recruitment and promotion plans will be in place by April 2023.*

As with the first Cause of Concern the review welcomes the progress made in this area but notes that these will need to have progressed and improvements demonstrable to the HMICFRS when they revisit the Service in September 2023 to make sure the Service has made satisfactory progress with the action plan and the service provided to the public has improved.

Given the significance of both of the Causes of Concern raised by HMICFRS these will be reflected as significant governance issues with improvements expected to be made against both in 2023/24.



## **PRINCIPLE D: DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

Local Government, including the Fire and Rescue Service, achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The PFCC FRA will maintain a medium term financial strategy which will form the basis of the annual budgets, and provide a framework for evaluating future proposals
- There will be a comprehensive process of analysis and evaluation of plans, which will normally include option appraisal, techniques for assessing the impact of alternative approaches on the service's outcomes, and benefits realisation
- Processes will be in place to monitor efficiency and value for money, including benchmarking of performance and costs
- The PFCC FRA should maintain effective workforce development and asset management plans (eg Estate; ICT)

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

The review welcomes the development of a comprehensive Productivity and Efficiency Plan for 2023/24 that reflects the significant progress that the Service has made in this area since 2018 and sets out the plans the Service has, covering the period to the end of the current Spending Review period to 2024/25.

The review looks forward to the further development of this product to set out the achievement of the plans that are in place and the incorporation of future efficiencies.

The review was disappointed to see the continuation of the challenges reported in 2021/22 of undertaking some work on Estate improvements during 2022/23, the importance of delivering the improvements to the Fire Estate to ensure better access to all are essential and need to be given the required focus in 2023/24 to ensure this work is complete.

The review considered whether the lack of progress in this area should be raised as a Significant Governance Issue however the recent approval on revised timelines for delivery and updated work packages and costs has provided some assurance that this work will now be complete. This will require continued focus during 2023/24 and clear oversight and governance from the Service.

## **PRINCIPLE E: DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT**

The PFCC FRA need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A public organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Both the individuals involved and the environment in which the Fire and Rescue Service operates will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership in the Fire and Rescue service is strengthened by the participation of people with many different types of background, reflecting the structure and diversity of communities.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The 'People' and personal development strategies of the Fire and Rescue Service set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for members of staff.

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

The 2021/22 review recognised that the development of the Strategy in relation to Equality Diversity and Inclusion, and overall work in this area had been slow and therefore was a key area for continued focus during 2022/23. The review therefore welcomes that the Service has now consulted upon and agreed the EDI strategy which has been released Service wide.

In addition to this the Strategic EDI Board is setting the Terms of Reference, alongside the Tactical Board. The Service EDI Network leads are being engaged to refocus and drive their areas of influence and development. The Chief Fire Officer is preparing a cultural review of the Service (by an external party) including a review of discipline and grievances over the last 5 years.

A cultural roadmap is being developed to change the organisations culture, in line with local values and the national Core Code of Ethics. The London Fire Brigade Cultural Review, alongside current media coverage of the sector has brought the culture of all Fire and Rescue Services in to focus. NYFRS will use the findings of sector reviews to inform their own change and analysis. Reporting on the findings as a whole and not individual reactive reviews.

The review welcomes the development of the Strategy and looks forward to the implementation of the work that has been set out to be progressed. This is clearly an area that will continue to require continued focus for many years and therefore it is added to the action plan for further work in 2023/24.

The Senior Leadership Team has seen both significant and regular change both leading up to and immediately following the change in Governance arrangements. After a short period of stability the turnover at the highest level of Leadership within the Fire Service continued.

The review is therefore pleased to see that the Chief Fire Officer was substantively appointed in August 2022 and implemented a talent pipeline to substantiate all temporary posts in the Service from Deputy Chief Fire Officer to Crew Managers.

This is an enormous undertaking for the Service. The talent process is on track to compete in Q1 of 2023/24, which is expected to result in the substantive appointment to over 50 roles. This is expected to result in posts returning to the frontline, removing the requirement for large numbers of On-call firefighter being in wholetime temporary posts. The latter then expected to have a positive impact for On call availability.

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.

The talent pipeline represents the first use of Strengths Based Assessment in the Fire sector. This has been introduced, in consultation with the Trade Unions, and will conclude with a formal review, before full implementation. To support leadership development, a First Line Leader course has been developed in conjunction with Enable, to deliver cross service (Police and Fire) leadership training, aligned to the National Fire Chiefs Council Leadership Framework.

The review welcomes the stability the new Senior Leadership Team should bring to the Service and looks forward to seeing the impact and results of the significant work that has become within this area.

## **PRINCIPLE F: MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

Public bodies need to ensure that the organisation's and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The decision making protocol sets out principles for how decisions will be taken by the PFCC FRA and the standards to be adopted
- It requires a combined forward plan of decisions, which brings together the business planning cycles for the Police, Fire and Crime plan, the Fire and Rescue Plan and the Integrated Risk Management Plan. This will ensure proper governance by bringing together the right information at the right time
- The scheme of governance highlights the parameters for decision making, including consents, financial limits for specific matters, and standing orders for contracts
- The risk management strategy establishes how risk is embedded throughout the various elements of corporate governance of the organisation
- The Communications and Engagement strategies demonstrate how the PFCC FRA will ensure that local people are involved in decision making
- The information publication scheme ensures that information relating to decisions will be made readily available to local people, with those of greater public interest receiving the highest level of transparency, except where operational or legal constraints exist
- The forward plan of decisions combined with open and transparent information schemes enables the Police, Fire and Crime Panel to be properly sighted on the decisions of the PFCC FRA.

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

As mentioned earlier within this document the Risk and Resource Model, which was highlighted last year as a Significant Governance Issue – as it hadn't been agreed – was widely consulted upon and agreed in 2022/23.

This is a significant development for the Service and one that underpins the way the organisation delivers most aspects of its business. The review is therefore pleased that this is now agreed and looks forward to the implementation of the changes that have been [agreed](#).

In addition to this the review welcomes the review of governance that is underway to remove duplication of effort and provide clarity on reporting lines and accountability. The revised structure aims to deliver ease of inspection for the HMICFRS, aligned to their inspection pillars.

The review also welcomes the continued development of Risk Management within the Service with the Deputy Chief Fire Officer now chairing a new Risk and Assurance Board, to oversee the Corporate Risk Registers which reports by exception into Senior Leadership Team and Executive Board.

The changes to Governance reflect the following:

- Risk and Assurance Board - quarterly meeting
- Risk and Assurance Board - HMICFRS Action Plan meeting monthly
- Workforce Planning Board – monthly
- Operational Improvement Board - monthly
- Response Managers meeting - quarterly
- Fire specific Change Board – monthly

The review welcomes that 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 will be reflected in a significant governance issue for the Service to address during 2023/24.

The significant concern is that the findings of the 6 internal audit reviews completed to the date of writing this draft report have all provided negative assurance.

As a result for the 12 months ended 31 March 2023, the Head of Internal Audit opinion for the Police, Fire and Crime Commissioner Fire Rescue Authority for North Yorkshire is expected to be as follows:

'The organisation does not have an adequate framework of risk management, governance and internal control.'

## **PRINCIPLE G: IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- Legislation sets out the functions of the PFCC FRA.
- The PFCC FRA is required to appoint a Chief Fire Officer, Monitoring Officer and Chief Financial Officer
- The Financial Management Code of Practice sets out the responsibilities of the Chief Financial Officer/s151 Officer for the PFCC FRA.
- Internal audit, reflecting published guidance on standards
- The Scheme of corporate governance highlights the parameters for key roles in the organisation including delegations from the PFCC FRA, financial regulations and standing orders
- Employees of the PFCC FRA will operate within
  - PFCC FRA policies and procedures
  - The corporate governance framework
  - Disciplinary regulations
  - Codes of conduct
- An independent Audit Committee operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

The review reflected that the significant concerns highlighted within the internal audit work impacts on the confidence around a number of important areas including the assurances that employees are working within policies and procedures. This concern is added to further with regular internal work showing that significant documents are 'out of date' in terms of them being reviewed and updated.

The other area the review noted is that within the procurement internal audit report there were gaps in the publication of statutory information on the website. The review therefore recommends further work in this area to understand whether this is wider than the issues raised within the procurement report.

## **5 Review of effectiveness**

5.1 The PFCC FRA has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:-

- The system of internal audit
- The system of internal control

5.2 The governance framework within the PFCC FRA has been reviewed, and continues to be reviewed for its effectiveness by the PFCC FRA's Chief Finance Officer.

5.3 The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below: -

### **PFCC**

5.4 The PFCC has a statutory duty and electoral mandate to ensure an efficient and effective fire and rescue service. The review and monitoring of the governance framework is the responsibility of the independent audit committee which will discuss the majority of governance issues, referring reports to the PFCC when it is felt necessary. Given that the ultimate responsibility for Governance rests with the PFCC the Audit Committee requires a Member of the management team to attend each Audit Committee meeting. This provides the Committee with a direct opportunity to engage at the right level in the organisation but also develop strong working relationships. In addition to this and to further strengthen their role the Audit Committee has direct access to both the PFCC and Chief Fire Officer if and when required.

### **Independent Audit Committee**

5.5 The Independent Audit Committee receives regular reports on governance issues. This includes the review of the Annual Governance Statement for publication with the Annual Statement of Accounts and update reports on progress made in addressing governance issues included in it.

5.6 Chaired independently, the role of the Committee, in part, is to provide independent assurance on the adequacy and effectiveness of the internal control environment and risk management framework, advising the PFCC FRA according to good governance principles and overseeing governance and monitoring of governance within the organisation.

### **Head of Internal Audit**

5.7 In maintaining and reviewing the governance framework, the PFCC's Chief Finance Officer places reliance on the work undertaken by Internal Audit and in particular, the Head of Internal Audits independent opinion on the adequacy and effectiveness of the system of internal control.

5.8 For the 12 months ended 31 March 2023, the Head of Internal Audit opinion for the Police, Fire and Crime Commissioner Fire Rescue Authority for North Yorkshire is expected to be as follows:

5.9 'The organisation does not have an adequate framework of risk management, governance and internal control.'

### **External Audit**

- 5.10 External Audit are an essential element in ensuring public accountability and stewardship of public resources and the corporate governance of the PFCC FRA's services, with their annual letter particularly providing comment on financial aspects of corporate governance, performance management and other reports.

### **HMICFRS**

- 5.11 In addition to the above other review/assurance mechanisms such as His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses the effectiveness and efficiency of police forces and fire & rescue services – in the public interest.
- 5.12 The Service has undergone an inspection process which commenced on the 21st of March 2022 and concluded on the 30th May 2022.
- 5.13 This report reflects the 2 Causes of Concern raised within that inspection as Significant Governance Issues to be addressed during 2023/24.

## **6 Evaluation**

- 6.1 Following this review, governance and decision making arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There are however a number of issues of a significant nature that need to be urgently addressed during 2023/24, along with a number of areas that require continued focus to ensure that they do not become significant issues in future years.



## 7 Governance Issues

### Action Plan for 2023/24 to address issues raised:

Significant Governance Issues	Action	Owner	Target Implementation Date
DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS	<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 this Cause of Concerns are progressed and specifically ensure that processes are in place to monitor and evaluate the services provided by Enable.</p>	Area Manager Director of Service Improvement and Assurance	31st August 2023
DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS	<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>	Area Manager Director of Service Improvement and Assurance	31st August 2023
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p>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.</p> <p><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.</p>	Deputy Chief Fire Officer	31st March 2024
Areas which require further/continued focus	Action	Owner	Target Implementation Date
BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW	<p>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.</p> <p><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.</p>	Chief Fire Officer	30th June 2023
DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES	<p>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.</p> <p><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.</p>	ACO of Enable	30th September 2023
DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT	<p>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</p> <p><b>ACTION:</b> Implement a talent pipeline to substantiate all temporary posts in the Service from Deputy Chief Fire Officer to Crew Managers.</p>	Chief Fire Officer	30th June 2023
IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY	<p>The procurement internal audit report highlighted that there were gaps in the publication of statutory information on the website relating to the Fire Service.</p> <p><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.</p>	ACO of Enable	30th September 2023

7.1 We propose over the coming year to take steps to address the above matters to enhance our governance arrangements further. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Zoe Metcalfe  
Police, Fire and Crime Commissioner for North Yorkshire

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Jonathan Dyson  
Chief Fire Officer

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Michael Porter  
PFCC Chief Finance Officer

Date: