

**Corporate Governance Action Plan 2019/20**

**APPENDIX A**

Action Ref	Finding	Associated Risk	Priority	Recommendation	Management Comment	Responsibility Timescale
01	<p><b>Public Sector Spending</b>                      The impact of spending reductions in the public sector is a key governance issue for the Fire Authority. 2019/20 is the final year of the four-year government funding settlement and the level of funding for future years is currently unknown. The medium-term financial plan assumes further reductions in government funding of 5% per annum from 2020/21 onwards and there remains a funding gap of £1.5m over the medium term. Alternative delivery options for services continue to be considered and implementation plans are being progressed. Implementation will be closely monitored to ensure that planned service changes and associated savings are realised.</p>	<p>The Authority fails to balance its budget and service provision deteriorates as a result.</p>	High	<p>The Authority should look to further progress its implementation plans and monitor them in order to ensure that it's in year budget is balanced and service delivery maintained.</p>	<p>Due to the uncertainty surrounding the level of government funding beyond 2020/21 three MTFP scenarios have been modelled based on differing levels of funding. The best case scenario shows a deficit of £0.174m in 2021/22 rising to £0.186m in 2023/24, the mid case shows a deficit of £0.357m in 2021/22 rising to £0.747m in 2023/24 and the worst case shows a deficit of £1.916m in 2021/22 rising to £2.307m in 2023/24.</p> <p>Further work has been undertaken to develop savings options in line with the views expressed by members at the Strategic Planning Day held on 11 October 2019, the representative bodies and staff. The savings options are outlined in the new 2020 – 2023 IRMP.</p> <p>At this stage based on our current MTFP assumptions on pensions and the level of pay awards and inflation we are reasonably confident that the savings options being considered will be sufficient to balance the budget over the medium term.</p>	<p>Deputy Chief Executive</p> <p><b>ONGOING</b></p>
02	<p><b>Assumptions Underpinning the Medium-Term Financial Plan</b>                      The assumptions made in the medium term financial plan, particularly around savings, inflation, pay awards, employer pension contributions and potential liabilities, future Government grants and income from council tax and business rates whilst based on the best information available are subject to change from economic</p>	<p>The Authority fails to balance its budget over the medium to longer term and service provision deteriorates as a result.</p>	High	<p>The Authority should monitor, as intended, the assumptions made within its medium-term financial plan to ensure they accurately reflect the most up to date position known and enable corrective action to be taken where required at the earliest opportunity.</p>	<p>The MTFP assumptions are monitored on an on-going basis and were updated during the preparation of the 2020/21 budget and MTFP.</p> <p>We currently have no visibility on the level of government funding and support for pensions beyond 2020/21 and whilst the government have previously committed to providing certainty via a multi-year settlement later in 2020, this may change as a</p>	<p>Deputy Chief Executive</p> <p><b>ONGOING</b></p>

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	circumstances and public finances in general. This represents a potential risk to the Authority's medium-term financial plan which will be monitored closely in order to enable corrective action to be taken where necessary				<p>result of the current COVID-19 pandemic. This is by far the biggest risk in our planning assumptions going forward.</p> <p>The 3 MTFP models all include allowance for a 2% increase in pay each year from 2020/21 onwards. Each additional 1% would cost £171K for firefighters and £195K for the whole workforce. Any increase in the cost of pay or inflation above 2% will have a significant impact on the MTFP deficit position unless further savings are identified to offset the additional cost.</p> <p>The increase in the FPS employer contribution rate is currently funded by government grant however the position beyond 2020/21 is uncertain at this stage. Loss of the grant funding of £1.5 M is a significant risk to the Authority's MTFP (see action 4 below).</p>	
03	<p><b>Changes to the Governance of public services in light of stated Government policy direction</b></p> <p>The Policing and Crime Act requires fire, police and ambulance services to collaborate, where the proposed collaboration would be in the interests of their own efficiency and effectiveness and one or more of the other services take the same view. The legislation also makes provision for a Police and Crime Commissioner to take responsibility for the fire and rescue service in their area where a local business case is made, as well as to take the</p>	The Authority fails to comply with the requirements and wider implications of the Policing and Crime Act.	High	The Service should monitor as intended the impact of any changes that arise as a result of the Policing and Crime Act and act accordingly.	The Policing and Crime Act sets out the governments' intentions in relation to the governance of Fire and Rescue Services. This allows for governance of the fire service to be transferred to the Police and Crime Commissioner where a local business case is made. The Act also allows the PCC to request a place on the Fire and Rescue Authority in cases where governance does not transfer and sets out an expectation that emergency services will collaborate in order to improve services to the public and provide value for money.	Chief Fire Officer <b>ONGOING</b>

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	additional step to create a single employer for police and fire. The Service will continue to monitor, at local, sub national and national level, the development and potential impact, of differing governance arrangements, the relevant underpinning statutory frameworks and current national negotiating machinery.				<p>The previous PCVC, formally wrote to the Authority stating that he did not intend to submit a business case to take over the governance of the Service and that he did not wish to have a place on the Combined Fire Authority. As there will be a PCVC election in 2021 this particular issue will be kept under close review.</p> <p>The Authority has approved a Collaboration Strategy and a Collaboration Register is in place to record details of individual collaboration initiatives.</p>	
04	<p><b>Impact of Changes to the Firefighters Pension Scheme</b></p> <p>The service will closely monitor the impact of changes to the Firefighters Pension Scheme in terms of cost, business continuity, resilience and local industrial relations.</p>	The Authority fails to balance its budget and service provision deteriorates as a result.	High	The Service should monitor as intended the impact of changes to the Firefighters Pension Scheme both in terms of cost and service delivery.	<p>The potential impact of the changes to the Firefighters Pension Scheme (FPS) is closely monitored and reports are provided to members as necessary.</p> <p>The financial impact of the revaluation of the FPS from 2019/20 onwards is £1.5M and the government has provided grant funding in 2019/20 and 2020/21 to meet the additional cost. Government funding for the FPS beyond 2020/21 will be addressed as part of the spending review which will follow in 2020. If further government funding is not forthcoming beyond 2020/21 there will be a significant increase in the MTFP deficit position.</p> <p>Sargent case - In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members as part of the reforms amounts to unlawful discrimination. The Government appealed this decision however the appeal was unsuccessful and the Court requires</p>	Deputy Chief Executive  <b>ONGOING</b>

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					<p>steps to be taken to compensate employees who were transferred to the new schemes. Following a case management hearing on 18 December the Government has stated that all members of public service pension schemes will be treated as if they had been given full transitional protection and remained in their current pension schemes. At this stage it is not clear what action will be taken to remedy the situation however this will place further pressure on the level of employer contributions going forward.</p> <p>Whilst the industrial dispute remains unresolved, the Service has proven resilience arrangements in place to deal with any further industrial action.</p>	
05	<p><b>Collaboration</b> Collaboration will continue to be addressed pro-actively in terms of collaborating with other Fire and Rescue Services, the Police, Ambulance and other organisations. The government have placed an increased emphasis on collaboration with Blue Light Services, and this is reflected in the Authority's governance structure in relation to collaboration.</p>	<p>The Authority's collaboration aspirations are not achieved.</p>	High	<p>Opportunities for further collaboration should be investigated. Progress made across all Collaborative practices should be reported, for monitoring, to the Authority.</p>	<p>Members are supportive of further collaboration where this is in the interests of the Authority and provides value for money. The Authority has signed a Statement of Intent with Durham Constabulary setting out our intention to work more closely together to enhance co-operation and collaboration. Progress is monitored through the Collaboration Delivery Group and overseen by the Joint Strategy Group.</p> <p>Work is continuing on the development of further collaboration opportunities particularly in the areas of Fire Control, Business Fire Safety and Human Resources and a Statement of Intent has been signed to enable closer working with Tyne and Wear FRS and Northumberland FRS.</p>	<p>Chief Fire Officer <b>ONGOING</b></p>

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					The Authority has approved a Collaboration Strategy and a Collaboration Register is in place to record details of individual collaboration initiatives. A formal process to review the outcomes of individual collaboration initiatives is currently being developed.	
06	<p><b>Fire Service Inspectorate (HMICFRS)</b></p> <p>The Service will continue to closely monitor developments in relation to the Fire Service Inspectorate. The inspection of the Service will be completed in July 2019 and the inspection report is expected in December 2019. Depending on the outcome there may be resource implications associated with any recommendations made by the Inspectorate.</p>	The Authority suffers reputational damage as a result of an adverse judgement from the new Fire Service Inspectorate.	High	The Service should look to increase its learning capacity further to receiving the outcomes of its inspection and through engagement with Durham Constabulary and the National Fire Chief's Council.	<p>The Service received the outcome of the HMICFRS inspection on 17 December 2019 and an action plan has been developed to address the areas identified for improvement in the inspection report.</p> <p>The Service has also developed a revised Operational Readiness Audit regime incorporating the HMICFRS key lines of enquiry which is being rolled out across all watches on stations.</p> <p>The service continues to engage with Durham Constabulary and the National Fire Chief's Council to share learning capacity.</p>	<p>Assistant Chief Fire Officer Service Support</p> <p><b>ONGOING</b></p>
07	<p><b>Independent Review of Building Regulations and Fire Safety</b></p> <p>The service will closely monitor developments following the publication of Dame Judith Hackitt's independent review into building regulations and fire safety following the Grenfell Tower fire. Any changes to the regulatory requirements could potentially have significant resource implications for the service as the government is committed to doing more to set and enforce high standards.</p>	Staffing resources are stretched, service provision deteriorates and the Authority's suffers reputational damage as a result.	High	The Service should monitor as intended developments following the publication of Dame Judith Hackitt's independent review.	<p>The Competency Framework for Fire Safety Regulators was published during February 2020 and Business Fire Safety staff are working towards compliance with the training requirements of the framework. This includes:</p> <ul style="list-style-type: none"> <li>• 1 SMB qualified to level 5</li> <li>• 1 SM qualified to level 4 diploma and currently awaiting registration for a level 5 course</li> <li>• 1 SM qualified to level 4 certificate and will be</li> </ul>	<p>Deputy Chief Fire Officer</p> <p><b>ONGOING</b></p>

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					<p>completed level 4 diploma during the autumn</p> <ul style="list-style-type: none"> <li>• 1 fire safety officer awaiting results for their level 4 diploma</li> <li>• 1 fire safety officer qualified to level 4 certificate who should complete the qualification during the autumn</li> <li>• 1 fire safety officer qualified to level 4 diploma</li> <li>• 1 WM qualified to level 4 certificate</li> <li>• An additional 39 operational staff qualified as fire safety auditors.</li> </ul> <p>The additional contents of the Competency Framework for Fire Safety Regulators is included within the new Business Fire Safety strategy.</p> <p>A new staff structure for Business Fire Safety (BFS) has been approved by the Service which will increase capacity in the BFS team.</p>	