

## Item 5

### Corporate Governance Action Plan 2020/21

Action Ref	Finding	Associated Risk	Priority	Recommendation	Management Comment	Responsibility Timescale
01	<p><b>Public Sector Spending</b></p> <p>The impact of spending reductions in the public sector is a key governance issue for the Fire Authority. 2019/20 was the final year of the four-year government funding settlement and a single year settlement has been issued for 2020/21 which includes an inflationary increase. As there is a great deal of uncertainty surrounding the level of government funding (both settlement funding and funding for pensions) from 2021/22 onwards, three medium-term financial plan scenarios have been modelled based on differing levels of funding. The Authority has set a balanced budget for the forthcoming financial year (2020/21) and needs to identify a further savings during the period 2021/22 to 2023/24 ranging from £0.19M (best case scenario) to £2.3M (worst case scenario) depending on the funding position. 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>	The Authority fails to balance its budget and service provision deteriorates as a result.	High	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>Covid-19 is likely to have a significant impact on the Authority's finances going forward. Significant deficits are forecast in council tax collection funds and the council tax base is likely to be below the current estimate for 2021/22. In addition, business rates collection is forecast to be significantly down. The position regarding government funding beyond 2020/21 is also currently unknown.</p> <p>Work is ongoing to develop the medium-term financial plan for 2021/22 onwards to incorporate information as it becomes available.</p> <p>Further work has also been undertaken to develop savings options to deal with a significant reduction in funding should the need arise. These options were discussed with members at the Strategic Planning Day held on 07 October 2020.</p>	<p><b>Deputy Chief Executive</b></p> <p><b>ONGOING</b></p>
02	<p><b>Assumptions Underpinning the Medium-Term Financial Plan</b></p>	The Authority fails to balance its budget over the medium to longer term	High	The Authority should monitor, as intended, the assumptions	The MTFP assumptions are monitored on an on-going basis and will be updated during the	<b>Deputy Chief Executive</b>

	<p>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 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>	<p>and service provision deteriorates as a result.</p>		<p>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>preparation of the 2021/22 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 result of the current COVID-19 pandemic. This is together with a potential shortfall in council tax receipts as outlined in 1 above are by far the biggest risks in our planning assumptions going forward.</p> <p>The 3 current 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 current increase in the FPS employer contribution rate is funded by government grant however the position beyond 2020/21 is uncertain at this stage. Loss of the grant funding of £1.6 M is a significant risk to the Authority's MTFP (see action 4 below). There is also a risk of a further increase in the FPS employer contribution rate as a result of the remedy in respect of McCleod/Sergeant which could be in excess of £450K.</p>	<p><b>ONGOING</b></p>
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03	<p><b>Changes to the Governance of public services in light of stated Government policy direction</b>  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 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 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.	<p>The Government recently launched a review of the Police and Crime commissioner model. The review will take place in two parts with the first stage reporting in the Autumn 2020. Part one will focus on strengthening the PCC model and will also consider ways to strengthen the accountability of FRS's in line with the Governments fire governance reform agenda.</p> <p>The review has the potential to significantly impact on FRA's with the potential that fire governance could be mandated to transfer to PCC's.</p> <p>The Authority has approved a Collaboration Strategy and a Collaboration Register is in place to record details of individual collaboration initiatives.</p>	<p><b>Chief Fire Officer</b></p> <p><b>ONGOING</b></p>
04	<p><b>Impact of Changes to the Firefighters Pension Scheme</b>  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 £1.6M 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</p>	<p><b>Deputy Chief Executive</b></p> <p><b>ONGOING</b></p>

					<p>forthcoming beyond 2020/21 there will be a significant increase in the MTFP deficit position.</p> <p>McCleod/Sergeant 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 required steps to be taken to compensate employees who were transferred to the new schemes. The remedy proposed by Government will result in all affected members transferring back to their original pension scheme. This has the potential to increase the employer contribution to the FPS by a further £450K per annum.</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, North East Ambulance Service 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</p>	<p><b>Chief Fire Officer</b> <b>ONGOING</b></p>

					<p>opportunities and a Statement of Intent has been signed to enable closer working with neighbouring FRS's.</p> <p>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.</p>	
<b>06</b>	<p><b>Fire Service Inspectorate (HMICFRS)</b> The Service will continue to closely monitor developments in relation to the Fire Service Inspectorate. 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. Progress in completing the actions will be monitored by the Service Leadership Team and the Authority going forward.</p>	<p>The Authority suffers reputational damage as a result of an adverse judgement from the new Fire Service Inspectorate.</p>	High	<p>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>	<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>HMICFRS are to carry out a thematic COVID-19 inspection on a virtual basis to ascertain the sector's response to the pandemic. CDDFRS's two-week inspection period begins on 02 November 2020.</p> <p>The service continues to engage with Durham Constabulary and the National Fire Chief's Council to share learning capacity.</p>	<p><b>Assistant Chief Fire Officer Service Support</b></p> <p><b>ONGOING</b></p>
<b>07</b>	<p><b>Independent Review of Building Regulations and Fire Safety</b> The service will closely monitor developments following the publication of Dame Judith</p>	<p>Staffing resources are stretched, service provision deteriorates and the Authority's suffers</p>	High	<p>The Service should monitor as intended developments following the publication of Dame</p>	<p>The Competency Framework for Fire Safety Regulators was published during February 2020 and Business Fire Safety (BFS)</p>	<p><b>Deputy Chief Fire Officer</b></p> <p><b>ONGOING</b></p>

	<p>Hackitt's independent review into building regulations and fire safety following the Grenfell Tower fire. Changes to the regulatory requirements will have significant resource implications for the service as the government is committed to doing more to set and enforce high standards.</p>	<p>reputational damage as a result.</p>		<p>Judith Hackitt's independent review.</p>	<p>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 completed level 4 diploma during the autumn</li> <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 BFS strategy.</p> <p>A new staff structure for BFS has been approved by the Service which will increase capacity in the BFS team.</p> <p>Government grant funding totalling £174,916 has received during 2020/21 to support fire safety which will enable the Service to enhance its BFS capability to meet the expectations outlined by Government.</p>	
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08	<p><b>COVID-19 Pandemic</b>  The Service has been impacted by COVID-19 since March 2020 and this is expected to continue into 2020/21. Its direct impact includes; increased sickness absence as firefighters and staff self-isolate, reduced demand in certain areas e.g. road traffic collisions, increased demand in other areas e.g. false alarms resulting from controlled burning and also an increase in unexpected expenditure including the purchase of PPE, additional homeworking costs, cleaning and overtime. Whilst the Service has received government funding towards the additional costs, at this stage it is uncertain whether or not the funding received will be sufficient. There will also be a need to consider the lessons learnt from managing service delivery in a crisis as a way to improve both the efficiency and effectiveness of the Service going forward.</p>	<p><b>Deterioration of Authority efficiency and effectiveness</b></p>	<p><b>High</b></p>	<p>The Authority should review the impact of COVID and changes this has presented in demand to realign service delivery and through an application of lessons learnt to improve its efficiency and effectiveness.</p>	<p>As part of business continuity planning the Service had an existing Pandemic Influenza Business Continuity Plan and through the Local Resilience Forum (LRF) formed part of the North East Pandemic Influenza Framework. These plans formed the basis of the specific plans and actions implemented during Covid-19.</p> <p>The Service response is overseen by the Strategic Pandemic Team (SPT) formed from members of the SLT and to give early consideration to the longer-term impacts of the pandemic a Recovery Group was established.</p> <p>The Covid-19 crisis is likely to impact on the Service for some considerable time. The Recovery Group examined the longer-term issues and any learning that can be gained from the changes we have implemented over the last few months. An interim debrief was undertaken in June 2020 and the Service is considering the findings of this process. There will also be an opportunity to learn from the various debriefs that are taking place locally, regionally and nationally both in the sector and via the LRF.</p> <p>HMICFRS are to undertake a thematic review of the sector's response to the crisis. This provides further opportunities to strengthen our business continuity plans, policies and procedures going forward.</p>	<p><b>Chief Fire Officer</b></p>
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