

## 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 for 2021/22 has remained flat. In addition, business rates collection is significantly down. The position regarding government funding beyond 2021/22 is also currently unknown.</p> <p>The medium-term financial plan for 2021/22 onwards sets out 3 scenarios based on differing levels of government funding. Although the budget is balanced for 2021/22, the forecast deficit over the MTFP period ranges from £0.964m (best case) to £2.836m (worst case).</p> <p>Further work has 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>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21.</b></p>	Deputy Chief Executive <b>ONGOING</b>
02	<p><b>Assumptions Underpinning the Medium-Term Financial Plan</b></p> <p>The assumptions made in the medium term financial plan, particularly around savings, inflation, pay awards, employer pension contributions and potential</p>	The Authority fails to balance its budget over the medium to longer term and service provision deteriorates as a result.	High	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	The MTFP assumptions are monitored on an on-going basis and have been updated during the preparation of the 2021/22 budget and MTFP.	Deputy Chief Executive <b>ONGOING</b>

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	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.			position known and enable corrective action to be taken where required at the earliest opportunity.	<p>We currently have no visibility on the level of government funding beyond 2021/22 and whilst the government have previously committed to providing certainty via a multi-year settlement, this may change as a result of the current COVID-19 pandemic. This together with shortfalls in council tax and business rates 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 are all based upon a zero pay award in 2021/22 and increases of 2% in each year from 2022/23 onwards. An offer of a 1.5% pay award has been made to all staff groups which will cost an additional £345K in a full year. This is not included in the 2021/22 budget and MTFP and will have a significant impact on the forecast 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 and this funding is expected to continue going forward.</p> <p><b>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21.</b></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</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	The Government recently launched a review of the Police and Crime commissioner model. The review comprises of two parts - part one focused on strengthening the PCC model and will also consider ways to	Chief Fire Officer <b>ONGOING</b>

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	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.			and Crime Act and act accordingly.	strengthen the accountability of FRS's in line with the Governments fire governance reform agenda. The findings of part one have been published and a White Paper on Fire Reform will be published later in the year.  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.  The Authority has approved a Collaboration Strategy and a Collaboration Register is in place to record details of individual collaboration initiatives.  <b>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21.</b>	
04	<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.	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.	The potential impact of the changes to the Firefighters Pension Scheme (FPS) is closely monitored and reports are provided to members as necessary.  The financial impact of the revaluation of the FPS from 2019/20 onwards is £1.6M and the government has provided grant funding each year to meet the additional cost. From 2022/23 onwards we expect this funding to be mainstreamed into the settlement funding assessment although this is unconfirmed at this stage.  McCleod/Sergeant case - In December 2018, the Court of Appeal ruled that the 'transitional protection'	Deputy Chief Executive  <b>ONGOING</b>

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					<p>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.</p> <p>Whilst the industrial dispute remains unresolved, the Service has proven resilience arrangements in place to deal with any further industrial action.</p> <p><b>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21.</b></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 opportunities and a Statement of Intent has been signed to enable closer working with neighbouring FRS's.</p>	<p>Chief Fire Officer</p> <p><b>ONGOING</b></p>

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					<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> <p><b>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21.</b></p>	
06	<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 carried out a thematic COVID-19 inspection on a virtual basis to ascertain the sector's response to the pandemic. The Service's inspection report was complimentary stating that the Service adapted and responded to the pandemic effectively.</p> <p>The service continues to engage with Durham Constabulary and the National Fire Chief's Council to share learning capacity.</p> <p><b>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21.</b></p>	<p>Assistant Chief Fire Officer</p> <p><b>ONGOING</b></p>

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07	<p><b>Independent Review of Building Regulations and Fire Safety</b>  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. 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>Staffing resources are stretched, service provision deteriorates and the Authority's suffers reputational damage as a result.</p>	High	<p>The Service should monitor as intended developments following the publication of Dame Judith Hackitt's independent review.</p>	<p>The Competency Framework for Fire Safety Regulators was published during February 2020 and Business Fire Safety (BFS) 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 spring.</li> <li>• 1 fire safety officer awaiting results for their level 4 diploma.</li> <li>• 1 senior fire safety officer qualified to level 4 diploma awaiting level 5 fire engineering technician course to begin in April.</li> <li>• 1 WM qualified to level 4 certificate currently on level 4 diploma course.</li> <li>• An additional 34 operational staff qualified as fire safety auditors.</li> <li>• A further 33 Level 3 certificate candidates will complete shortly.</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>Deputy Chief Fire Officer</p> <p><b>ONGOING</b></p>

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					<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> <p><b>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21</b></p>	
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>	Deterioration of Authority efficiency and effectiveness	High	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>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 Service response is informed via the various debriefs that are taking place locally, regionally and nationally both in the sector and via the LRF.</p> <p>HMICFRS carried out a thematic COVID-19 inspection on a virtual basis to ascertain the sector's response to the pandemic. The Service's inspection report was complimentary stating that the</p>	Chief Fire Officer <b>ONGOING</b>

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					<p>Service adapted and responded to the pandemic effectively.</p> <p>A bid was submitted for further funding from the Fire COVID-19 Contingency Fund to cover the cost of additional activities undertaken and expenditure already incurred. The bid was successful and the Service received an additional £476K of grant funding.</p> <p>This issue is considered to be of such significance as to warrant further inclusion in the AGS 2020/21.</p>	