

Corporate Governance Action Plan 2021/22

Appendix A

Action Ref	Finding	Associated Risk	Priority	Recommendation	Management Comment	Responsibility Timescale
01	<p>Public Sector Spending The impact of spending reductions in the public sector is a key governance issue for the Fire Authority. A single year settlement has been issued for 2021/22 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 2022/23 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 (2021/22) and needs to identify a further savings during the period 2022/23 to 2024/25 ranging from £0.96M (best case scenario) to £2.84M (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>	<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>The 2022/23 budget and Medium-Term Financial Plan (MTFP) was approved by the Combined Fire Authority on 16 February 2022. The Authority will receive a 5.2% increase in government funding in 2022/23 however there are significant deficits in council tax collection and business rates collection funds in 2021/22 which have impacted on the 22/23 budget and MTFP.</p> <p>To arrive at a balanced budget for 22/23 it will be necessary to draw £0.5M from reserves. The use of reserves to balance the budget is not sustainable on an on-going basis. If there is no increase in the level of government funding or the council tax referendum limit going forward, alternative methods of service delivery will need to be considered and agreed to balance the budget from 2023/24 onwards. There is also a great deal of uncertainty surrounding the level of inflation, pay awards and funding going forward.</p> <p>Several savings options have been developed to deal with any future shortfall in funding. These options have been discussed in detail with members at the Strategic Planning Days held in October 2021 and May 2022.</p>	<p>Deputy Chief Executive</p> <p>ONGOING</p>

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02	<p>Assumptions Underpinning the Medium-Term Financial Plan</p> <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>	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 position known and enable corrective action to be taken where required at the earliest opportunity.	<p>The MTFP assumptions are monitored on an on-going basis and have been updated during the preparation of the 2022/23 budget and MTFP.</p> <p>The Authority will receive a 5.2% increase in government funding for 2022/23 however we have also been notified of significant shortfalls in council tax and business rates receipts therefore our future funding position is a significant risk in our planning assumptions going forward.</p> <p>The MTFP is based upon increases in inflation and pay awards of 2% each year which considering current events may be unrealistic. Whilst it is impossible to predict what might happen in the future four alternative MTFP scenarios have been modelled to illustrate the impact of changes to the assumptions. The level of deficit over the MTFP period ranges from £0.6M best case to £2.3M worst case based on the modelling.</p> <p>The situation regarding pay awards and inflation is monitored closely and any impact on the budget would normally be managed using contingencies and/or reserves. Members will be kept informed if further corrective action is required.</p>	Deputy Chief Executive ONGOING
03	<p>Changes to the Governance of public services in light of stated Government policy direction</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 review of the Police and Crime commissioner model comprised of two parts - part one focused on strengthening the PCC model also considers ways to strengthen the accountability of fire	Chief Fire Officer ONGOING

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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.	and rescue services in line with the Governments fire governance reform agenda. The findings of part one has been published and a White Paper on Fire Reform has been published.. The review could significantly impact on fire authorities with the potential that fire governance could be mandated to transfer to Police and Crime commissioners (PCC's). The Authority has approved a Collaboration Strategy and a Collaboration Register is in place to record details of individual collaboration initiatives.	
04	Impact of Changes to the Firefighters Pension Scheme 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 onwards is £1.6M per annum and the government has provided grant funding each year to meet the additional cost. At some point in the future, 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' offered to some members as part of the reforms amounts to unlawful	Deputy Chief Executive ONGOING

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					<p>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>	
05	<p>Collaboration 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 Board.</p> <p>Work is continuing with the development of further collaboration 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>	<p>Chief Fire Officer</p> <p>ONGOING</p>

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06	<p>Fire Service Inspectorate (HMICFRS) 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 was developed to address the areas identified for improvement in the inspection report. All actions are now complete.</p> <p>The Service has also developed a revised Operational Readiness Audit regime incorporating the HMICFRS key lines of enquiry which has been rolled out across all watches on stations.</p> <p>The next inspection commences on 30 May 2022 and preparation for the inspection is well advanced and workshops have been held with middle managers to self-assess where we currently sit as a service, identify positive improvements in our direction of travel since the last inspection and identify areas for improvement.</p> <p>The service continues to engage with Durham Constabulary and the National Fire Chief's Council to share learning capacity.</p>	<p>Deputy Chief Fire Officer</p> <p>ONGOING</p>
07	<p>Independent Review of Building Regulations and Fire Safety 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</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.</p> <p>The additional contents of the Competency Framework for Fire</p>	<p>Deputy Chief Fire Officer</p> <p>ONGOING</p>

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	government is committed to doing more to set and enforce high standards.				<p>Safety Regulators are 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>Further Government grant funding totalling £114,000 was awarded in 2021/22 to support fire safety which will enable the Service to enhance its BFS capability to meet the expectations outlined by Government.</p>	
08	<p>COVID-19 Pandemic</p> <p>The Service has been impacted by COVID-19 since March 2020 and this is expected to continue into 2021/22. 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 Northeast Pandemic Influenza Framework. These plans formed the basis of the specific plans and actions implemented during COVID-19.</p> <p>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>Additional costs associated with Covid-19 are being managed through existing budgets. No additional government funding has been received in 2021/22.</p>	<p>Chief Fire Officer</p> <p>COMPLETE</p>

