

Corporate Governance Action Plan 2018/19 – Position at 31 March 2019

Appendix A

| Action Ref | Finding | Associated Risk | Priority | Recommendation | Management Comment | Responsibility Timescale |
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| 01 | The impact of spending reductions in the public sector is a key governance issue for the Fire Authority. Whilst the Authority has agreed to accept the Government's offer of a four-year funding settlement to 2019/20 their still remains a funding gap 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. | 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>The revised Medium-Term Financial Plan (MTFP) sets out a balanced budget for 2019/20 and a deficit of £460K in 2020/21 rising to £1.531M in 2022/23.</p> <p>At the CFA planning day on 08 October 2018, members received an update on the emergency response review which included options for achieving further efficiency savings. Further work is currently being undertaken to develop savings options in line with the views expressed by members, the representative bodies and staff. Further discussion with members on savings options will take place at the next CFA planning day on 3 May 2019.</p> <p>At this stage providing the assumptions contained in the MTFP turn out to be accurate, we are reasonably confident that the savings being considered will be sufficient to balance the budget over the medium term.</p> | <p>Director of Corporate Resources</p> <p>ONGOING</p> |
| 02 | 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 | 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 | <p>The MTFP assumptions are monitored on an on-going basis and have been updated during the preparation of the 2019/20 budget and MTFP.</p> <p>The MTFP includes allowance for a 2% increase in pay each year from 2019/20 onwards. Each additional 1% would cost £171K for firefighters and £195K for the whole workforce. Any</p> | <p>Director of Corporate Resources</p> <p>ONGOING</p> |

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| | 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. | | | where required at the earliest opportunity. | 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. | |
| 03 | 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 closely 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. | 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 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.</p> <p>The PCVC Ron Hogg has formally written to the Authority stating that he does not intend to submit a business case to take over the governance of the Service and he does not wish to have a place on the Combined Fire Authority.</p> <p>The Authority has approved a Collaboration Strategy and a Collaboration Register is in place to record details of individual collaboration initiatives.</p> | Chief Fire Officer ONGOING |
| 04 | 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. | <p>The potential impact of the changes to the Firefighters Pension Scheme (FPS) is closely monitored and reports are provided to the Finance Committee.</p> <p>In December 2018, the Court of Appeal ruled that the 'transitional</p> | Director of Corporate Resources ONGOING |

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| | | | | | <p>protection' offered to some members as part of the reforms amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. If this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes.</p> <p>The financial impact of the revaluation of the FPS from 2019/20 onwards is £1.3M and the government has provided additional grant funding in 2019/20 to meet the additional cost. Government funding for the FPS beyond 2019/20 will be addressed as part of the forthcoming spending review. If further government funding is not forthcoming beyond 2019/20 there will be a significant increase in the MTFP deficit position.</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 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</p> | <p>Chief Fire Officer</p> <p>ONGOING</p> |

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| | | | | | opportunities and a Statement of Intent has been signed to enable closer working with Tyne and Wear FRS and Northumberland FRS. The Authority has also approved a Collaboration Strategy and a Collaboration Register is in place to record details of individual collaboration initiatives | |
| 06 | The service will continue to closely monitor developments in relation to the introduction of the new Fire Service Inspectorate. A regional Inspectorate Working Group (IWG) has been established and the service is actively engaging with Durham Constabulary and the National Fire Chief's Council IWG to share learning capacity. | 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 through representation at the newly established regional Inspectorate Working Group and through engagement with Durham Constabulary and the National Fire Chief's Council. | <p>Details of the HMICFRS inspection methodology has been released and work is well advanced to gather evidence in response to the diagnostic questions.</p> <p>The service has been notified of the key dates for our inspection and preparation of the strategic briefing which sets out to HMICFRS the challenges we face, our future plans, areas of good practice and areas for improvement is well advanced.</p> <p>The service continues to gather information from previous inspections focussing on areas of good practice in order to ensure we are well prepared for the inspection. We are also actively engaging with Durham Constabulary and the National Fire Chief's Council to share learning capacity.</p> | Assistant Chief Fire Officer Service Support ONGOING |
| 07 | 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 | 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. | It is anticipated that formal, third party accredited qualifications will be introduced for Business Safety regulators. The service's central Business Fire Safety team are all highly qualified and have delivered training to emergency response crews. Training to level 4 certificate in fire safety is currently being arranged for emergency response staff to | Assistant Chief Fire Officer Service Delivery ONGOING |

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| | committed to doing more to set and enforce high standards. | | | | <p>ensure we can maintain delivery and performance. The current position regarding training is: Level 4 Diploma – 2 staff qualified and a further 3 expected by end of 2019; Level 4 Certificate – 32 operational staff and 20 apprentices expected to be qualified shortly. A further cohort of 32 operational staff is expected to start this year.</p> <p>There is a potential for changes in legislation and an expansion of our duties and responsibilities either under or in addition to the Fire Safety Order. The Service will ensure that we maintain a Fire Safety manager with formal qualifications to advise the Chief Fire officer and the CFA and capacity to deliver against fire safety duties will be kept under review.</p> | |