

2023/2024 MERSEYSIDE FIRE AND RESCUE AUTHORITY **ANNUAL GOVERNANCE STATEMENT**

1.0 SCOPE OF RESPONSIBILITY

- 1.1** Merseyside Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, delivering its functions, and arrangements for the management of risk.
- 1.3** Corporate Governance is a phrase used to describe how organisations direct and control what they do. For Fire and Rescue Authorities this also includes how an Authority relates to the communities that it serves. The Authority has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE framework “*Delivering Good Governance in Local Government*” (2016). The key principles of the Authority’s Code of Corporate Governance are outlined below;
1. Three high level principles underpin Corporate Governance:-
 - Openness and inclusivity
 - Accountability
 - Integrity
 2. These high level principles are supported by seven detailed principles of good governance which are:
 - **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
 - **Ensuring openness and comprehensive stakeholder engagement**
 - **Defining outcomes in terms of sustainable economic, social, and environmental benefits**
 - **Determining the interventions necessary to optimise the achievement of the intended outcomes**
 - **Developing MFRA capacity, including the capability of its leadership and the individuals within it**
 - **Managing risks and performance through robust internal control and strong public financial management**
 - **Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- 1.4 This statement also **fulfils the Authority's statutory requirement** to prepare a **statement of internal control** in accordance with proper practices, and to **present an annual review of the effectiveness** of the current system.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values, for the direction and control of the Authority and its activities through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Authority for a number of years and in particular for the year ended 31st March 2024.

3.0 THE GOVERNANCE FRAMEWORK

- 3.1 Summarised below are some of the key elements of the systems and processes that underpin the Authority's governance arrangements:
- 3.2 **Identifying and Communicating the Authority's Vision and outcomes for citizens and service users:**
- 3.2.1 After consulting with the citizens of Merseyside and service users, assessing current risks and service priorities, the Authority prepares an Integrated Risk Management Plan (IRMP) that sets out the vision, aims and service objectives for the organisation. The Authority approved a new IRMP for the period of 2021- to 2024. The proposals in the current IRMP are aligned to the Authority's medium term financial plans and have therefore been adequately resourced. In 2024 the IRMP is being changed to a Community Risk Management Plan which will be drafted and subsequently consulted on prior to being presented to Members for approval.
- 3.2.2 The Authority's Vision reflects a clear focus on the core duties and functions in relation to Operational Preparedness, Operational Response and Prevention and Protection. The Authority's vision is; ***To be the best Fire & Rescue Service in the UK, (One team, putting its communities first)***. To deliver this the Authority has established four key corporate aims:

- **Protect**
We protect people from harm, provide advice, guidance and when absolutely necessary use enforcement to keep the public and our firefighters safe.
- **Prevent**
We are there for you. We are a visible presence that provides reassurance, support and advice. Alongside our partners, we protect the most vulnerable and reduce inequalities.
- **Prepare**
We will always be the best that we can be by having highly skilled and trained people who plan for every risk and keep our teams safe and effective.
- **Respond**
We will be there when you need us most, pulling out all the stops to save lives. Whether we are taking 999 calls, or attending incidents, we keep our communities safe.

The vision is focused upon outcomes around operational preparedness, response, prevention and protection. It is very important that the organisation's priorities are unambiguous and easily understood by Members, staff, communities and other stakeholders.

3.3 **Monitoring the achievement of the Authority's objectives through a comprehensive performance management framework:**

- 3.3.1 The IRMP and other service projects are incorporated into one document – the Service Delivery Plan. There is an ongoing system of monitoring and reporting on the achievement of projects in the Service Delivery Plan via regular reports to the Community Safety and Protection Committee (or any other Committee if applicable) and the Strategic Leadership Team. Station Community Safety Plans have also been developed to give details of the activities taking place throughout Merseyside. The reporting process applies traffic light status for each performance indicator in the Service Delivery Plan and attention is drawn to progress achieved and matters to be addressed. Copies of the Service Delivery Plan can be found on the Authority's website.

3.4 **The Internal Control Environment:**

- 3.4.1 The Authority's internal control mechanism comprise many systems, policies, procedures and operations, however the system cannot eliminate all risks of failure to achieve the Authority's aims and objectives. Once a risk has been identified the Authority where possible eliminates the risk. If this is not possible then procedures are established to manage the risk effectively, efficiently and economically. Some of the significant control processes are outlined below:

3.4.2 Policy and decision making process

The Authority has meaningful democratic control over its activities via an **approved committee structure** with agreed Terms of Reference that are reviewed once a year by the Authority at its Annual General Meeting. The

Authority has a **written Constitution** that was reviewed in 2023/24 and approved by the Authority at its meeting on 8 June 2023 (CFO/030/23), which is published and sets out how the Authority operates, how decisions are made, and the procedures which are followed to ensure these are efficient, transparent and accountable to local citizens. The Constitution is reviewed every year by the Authority at its AGM.

The Authority meet with Strategic Managers and other stakeholders as required to consider the strategic vision and instigate future plans/targets for the Authority.

The Authority also runs member strategy days and “learning lunches” to help Members discuss issues in more detail and in an informal environment.

3.4.3 Management Structure

Management Structure - The Authority has a **clear management structure** with defined roles and responsibilities. A Strategic Leadership Team (SLT), meet on a fortnightly basis to review and agree on issues that arise during the year. SLT have established strategic boards to feed into SLT, the role of each board is to consider any issues associated with that board’s remit and if necessary make a recommendation on the matter for SLT to consider. The Authority has an **approved scheme of delegation within its Constitution** that is reviewed by Members on an annual basis.

3.4.4 Established Policies, Procedures & Regulations

The Authority ensures compliance with established policies, procedures, laws and regulations. Information regarding policies and procedures is held on the intranet, and these are continuously enhanced and developed through the introduction of new policies and procedures as and when required. The Authority has established policies on anti-fraud, fraud response and confidential reporting. The Authority carries out an annual review of standing orders, financial instructions and the scheme of delegation which clearly define how decisions are taken and the processes and controls required to manage risks. The list below outlines some of the **key policies and process in place to enhance the internal control system** that are reviewed as and when required:

- Treasury Management Strategy
- Procurement Strategy
- Financial Regulations, Procedural & Contract Standing Orders, Scheme of Delegation
- Anti-Fraud & Corruption Policy & Strategy
- Whistleblowing Policy
- Complaints Procedure
- Code of Corporate Governance
- Constitution
- Code of Conduct
- Full range of Equality and Diversity Policies and Procedures
- Staffing Model
- Full range of robust policies and procedures to underpin the conduct of staff from operational procedure, discipline process, through to performance development reviews

- Information Governance and Security – Policies and Service Instructions to protect the Authority’s information, data, and assets.
- 3.4.5 SLT carries out a continuous assessment of the implementation of policies and procedures throughout the organisation, including following up on progress against the action plans.
- 3.4.6 Internal Audit function
The Authority has a strong Internal Audit function arrangement with Liverpool City Council, and has well-established protocols for working with External Audit.
- 3.4.7 Risk Management Strategy
The Authority has a well established and embedded risk management strategy. The Audit Committee has corporate ownership of the risk register and receive regular updates on any new risks or changes to risks. As all Authority and service reports to SLT have a standing section on risk this allows SLT an opportunity to regularly consider new and updated risks facing the Service at their fortnightly meetings.
- 3.4.8 Financial Management
The Authority produces a five year financial plan that takes into account Revenue, Capital, Reserves and Prudential Borrowing forecasts. The Authority has a history of strong and effective financial management. Financial management in the Authority and the reporting of financial standing is undertaken through a comprehensive Finance system including a general ledger, accountancy and budgeting. Monthly budget statements are sent out to all cost centre managers and the Authority receives regular comprehensive financial review reports to update members on the current and anticipated year-end financial performance.

4.0 REVIEW OF EFFECTIVENESS

- 4.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the SLT and other senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 Maintaining and reviewing the effectiveness of the governance framework throughout the financial year has been carried out by the following:
- The Authority and its Committees
 - Management Review
 - Internal Audit

4.3 The Authority and Its Committees

- 4.3.1 The Authority considered at its Annual General meeting on 8th June 2023 the format and structure of its democratic decision process by approving the powers and make-up of the approved committees. The full and detailed list of

committee responsibilities can be found in the Constitution document on the Authority's web site, but are summarised as follows;

- The Authority – Considers variations to standing orders and financial regulations, the revenue budget and capital plan, levying or issuing of a precept or borrowing. Adopting a member's allowances scheme, Appointing the Chair and Vice Chair of the Authority and the Chairs of the Committees and any Sub-Committees of the Authority. Approves new policies or substantive changes in policy relating to the development and delivery of services appropriate to the Authority. Determines the Authority's precept and approves the Authority's budget and the delegated powers to officers. Maintain an overview of the effectiveness of the Constitution. Any other matters which by law must be reserved to the Authority itself.
- The Policy and Resources Committee – Under delegated powers, determine new policies or substantive changes in policy relating to the development and delivery of Services appropriate to this Committee. Oversees the Authority's Communication and Consultation Strategy and receives related reports. Considers all matters related to the management of the Authority's assets including buildings, land, ICT and other assets. Exercises financial control over expenditure within the approved revenue budgets and capital programme of the Authority. Establish and direct procedures for the implementation, monitoring and amendment of the revenue budget and capital programme and all other financial matters that impact on the Authority's financial position.
- The Community Safety and Protection Committee – Under delegated powers, determine new policies or substantive changes in policy relating to the development and delivery of Services appropriate to this Committee. Consider all matters related to the delivery of Services to the diverse communities of Merseyside and the development, promotion and delivery of a co-ordinated strategy for developing and maintaining safer communities. This includes matters relating to: Operational Preparedness; Operational Response; Prevention and Protection. Consider any matters relating to the provision of Services to the diverse communities of Merseyside and the development, promotion and delivery of a coordinated strategy for developing and maintaining safer communities.
- The Scrutiny Committee – To review and/or scrutinise the objectives of the Authority's Integrated Risk Management Plan (IRMP) and performance against these objectives. To carry out joint member/officer pre and post-implementation scrutiny of any major project, scheme, or key decision taken by the Authority or its standing committees. To make recommendations to the Policy and Resources Committee and/or the Community Safety and Protection Committee and/or Authority arising from the outcome of the scrutiny process and how any improvements can be made. To agree and action a scrutiny forward work plan throughout the year and from meeting to meeting that includes matters relating to the performance of the Authority against the IRMP or any such issues referred to by the full Fire Authority and report back. To participate in, determine and undertake a task and finish group as appropriate with a view to effecting continuous improvements in the way Services are delivered, having regard to a combination of economy, efficiency and effectiveness.

- The Joint Police & Fire Collaboration Committee – To act as a Strategic Board to oversee collaboration between Merseyside Police (MP) and the Authority. To consider any reports on proposals for collaboration and potential budget savings or working arrangements. As the Police and Crime Commissioner for Merseyside is appointed onto the Authority this Committee will be convened as and when necessary.
- The Audit Committee – To consider the internal audit's annual report and opinion, and a summary of internal audit activity and the level of assurance it can give the Authority's corporate governance arrangements. To consider and approve summaries of specific internal audit reports as requested. To consider reports dealing with the management and performance of the providers of internal audit services. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance. To comment on the scope and depth of external audit work and to ensure it gives value for money.

To maintain an overview of the Authority's constitution in respect of contract procedure rules, financial regulations and codes of employee conduct and behaviour. To monitor the effective development and operation of risk management and corporate governance in the Authority.

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority. To consider the external auditor's report to those charged with governance on issues arising from the audit of accounts.

To determine allegations made under the Member Code of Conduct Procedure and refer sanctions proposed and any complaint allegation requiring further investigation to the Authority's Appeals Committee. To act as the Investigating and Disciplinary Committee where an allegation is made against the Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer, Monitoring Officer or the Director of Finance and Procurement in line with the Authority's policy for Discipline Procedures for Relevant Officers.

To appoint task and finish groups to undertake detailed work, involving relevant Scrutiny Members, key reference holders and relevant officers.

- The Appeals Committee – Consider and determine appeals referred from the Audit Committee in relation to the Members Code of Conduct. To consider whether to assent to applications for specific licences as may be referred to the Committee by the Health and Safety Executive or the Chief Fire Officer.
- The Appointments Committee - To consider and determine for appointment to the posts and offices of the Chief Fire Officer, Deputy Chief Fire Officer, Director of Finance & Procurement (Treasurer), Monitoring Officer and any other posts referred to the committee for consideration.

- Member Development & Engagement Group - To promote the continuous development of Members of the Authority and consider proposals and options for arrangements in respect of Members' training and development
- Local Pension Board (Firefighters' Pension Scheme(s)) - To assist the Authority in its role as 'Scheme Manager' for the Firefighters' Pension Scheme(s), as required by the Pension Scheme (Amendment) (Governance) Regulations 2015 Regulation 4A.

4.4 Management Review

4.4.1 Included in the day to day management of the organisation are a number of key officers, systems and procedures designed to provide core elements of the internal control mechanism, with a nominated lead officer responsible for reviewing the effectiveness of these systems. The Head of Internal Audit, procured via the service agreement with Liverpool City Council, provides some assurance on the adequacy of the Authority's internal control arrangements and also plays a key role in promoting good corporate governance. The Authority's Head of Internal Audit arrangement ensures the Authority assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

4.4.2 There is a comprehensive system of performance management and review embedded within the Authority's management structure and processes. The 2023/24 Service Delivery Plan broke down the Authority's key objectives for the year and identified a lead officer for each project. A "traffic light" system identified the actual progress against performance indicators throughout the year and any areas of concern with options to bring the project back on track were reported to management and the Community Safety and Protection Committee. SLT received regular updates from managers on the delivery of services against targets throughout the year and this allowed senior management an opportunity to scrutinise progress. Performance against Local Performance Indicators is considered in depth each month by the Performance Management Group.

4.4.3 The Risk Register was updated for new risks and the status of existing risks was re-assessed during the year. The Register considers the Authority's tolerance for risk and any mitigating actions that can reduce the likelihood/severity of the perceived risk. Risk management continued to be an integral part of the project management process and was a fundamental aspect of the business of the Authority.

4.4.4 The Authority employed appropriate professional staff:

- A Statutory Monitoring Officer (Section 5 LGHA) responsible for ensuring the legality of Authority actions and supporting the Committee decision making process. The Head of Legal Services fulfils this role, is a qualified and experienced lawyer, and is supported by a legal team. No actions of the Authority were deemed ultra vires in the year and all relevant laws and regulations have been complied with so far as is known by the Monitoring Officer.

- A Responsible Finance Officer, in line with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and Section 73 LGA 1985, to ensure the proper and effective administration of the financial affairs of the Authority. The Director of Finance and Procurement fulfils this role and is a qualified and experienced accountant. The Director of Finance and Procurement is supported in this role by a Head of Finance and Finance Team that includes a number of professionally qualified and experienced finance staff. The Director of Finance and Procurement ensures the Authority has an approved, realistic and affordable five year financial plan for revenue and capital expenditure which links to the IRMP and the Service Delivery Plan. The financial planning process is well embedded and understood across the Authority by staff and members. Details of the approved budget are available to all stakeholders in a simple and summarised statement on the Authority's website.

The above statutory posts are key members of SLT.

- 4.4.5 Budget monitoring remained robust at strategic and service levels via the production of monthly financial monitors for cost centre managers. The "funds management" system prevents orders being raised against accounts with insufficient budget and provides an affective enhancement to the budget control process.
- 4.4.6 CIPFA have produced a Financial Management Code to support good practice in financial management and to assist fire & rescue and local authorities in demonstrating their financial sustainability. The Director of Finance and Procurement has carried out an assessment of the Authority's conformity to the CIPFA Statement of Principles of Good Financial Management. No significant areas of weakness have been identified.
- 4.4.7 Grant Thornton approved an unqualified Statement of Accounts for 2022/23. The Authority appointed new auditors Mazars, for 2023/24 and it is anticipated the Authority will receive an unqualified opinion in 2023/24. A detailed year-end report is presented to the Authority in a clear and understandable format. A simplified summary statement of accounts is available on the Authority's website to ensure the outturn position is communicated effectively to all stakeholders.

4.5 Internal Audit

The Authority procured its internal audit service under a service level agreement from Liverpool City Council and the arrangement and service was in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006. The internal audit plan for 2023/24, prioritised by a combination of the key internal controls, assessment and review on the basis of risk, was approved by the Authority during the year. All internal audit reports included an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports are submitted to the relevant managers as appropriate and the Director of Finance and Procurement. An interim and year-end Internal Audit Plan reports are submitted to the Audit Committee that included summary findings of all completed audit reports and implementation of any agreed recommendations.

Although at the time of writing the AGS Internal Audit have yet to finalise all of the 2023/24 audit reviews the findings to date suggest;

- substantial Assurance that the system of internal control in place at Merseyside Fire & Rescue accords with proper practice, and
- the work on fundamental systems audits completed to date have shown a substantial level of compliance, and no significant control weakness, which impact on the Annual Governance Statement, have been identified.

4.6 External Review

4.6.1 External audit services are carried out by Mazars. The scope of the work undertaken by External Audit is;

- The audit of the financial statements
- To reach a conclusion on the economy, efficiency and effectiveness in the use of resources (the value for money (VFM) conclusion
- To work on the whole of government accounts return.

4.6.2 External Audit will comment upon the Authority's 2023/24 statutory financial statements and make a VFM conclusion during the 2024/25 financial year in the Annual Audit Findings report and Annual Audit and Inspection Letter. These documents reflect the Auditor's findings and conclusions from auditing the Statement of Accounts. During 2023/24 the Auditor's Annual Audit Findings Report and Audit Annual Letter covering 2022/23 confirmed the Authority's overall performance continues to be strong and the Authority received an unqualified opinion on the 2022/23 financial statements.

4.7 Year-end Review

4.7.1 Current governance and internal control arrangements continue to be reviewed and refined on an ongoing basis and that they continue to be regarded as fit for purpose in accordance with the governance framework. This review provides an acceptable overall assurance of the effectiveness of the Authority's system of internal control.

5.0 SIGNIFICANT GOVERNANCE ISSUES

5.1 The CIPFA guidance suggests that the following criteria should be applied when judging what may constitute a significant control issue:

- The issue has seriously prejudiced or prevented achievement of a principal objective.
- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business.
- The issue has led to a material impact on the accounts.
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation.

- The issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

5.2 Whilst no significant weaknesses have been identified in control systems at present, the assumptions made in the Medium Term Financial Plan (MTFP), particularly around inflation, pay awards, pensions and future government grants (whilst based on the best information available) **are subject to potential change**. The Director of Finance and Procurement will ensure that any variation to the assumptions made in the MTFP are identified at the earliest possible time, and, reported to Members' through the quarterly financial review reports. The Authority has established specific reserves to cover the risk of a variation to the key assumptions in the MTFP and these reserves would allow the Authority time to approve structural changes to deliver the required permanent savings over the longer term.

5.3 The 2017 Policing and Crime Act places a statutory duty on the three emergency services (Ambulance, Fire and Police) to keep collaboration opportunities under review and to collaborate where this would improve efficiency and effectiveness. The Authority continues to maintain ongoing discussions with Merseyside Police and North West Ambulance Service on developing opportunities for greater collaboration.

CERTIFICATION

6.0 **To the best of our knowledge, the governance arrangements, as defined above, have been operating during the year and up to the date of the approval of the Annual Accounts, providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year the Authority will continue the operation of its governance framework and take steps to carry out the actions for managing any governance issues identified above or that materialise in the year.**

Signed.....
 J. GRACE
 CHAIR of AUDIT COMMITTEE

Signed.....
 P. GARRIGAN
 CHIEF FIRE OFFICER

Signed
 M. REA
 DIRECTOR OF FINANCE & PROCUREMENT