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Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 9

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	9 February 2017
SUBJECT OF THE REPORT	Proposed changes to the Governance Arrangements
STATUS OF REPORT	Open publication
PURPOSE OF REPORT	To propose amendments to standing orders and financial and contractual regulations as set out in the Members' handbook
EXECUTIVE SUMMARY	Since September, the Member-led Governance Working Group chaired by Cllr. Flower have been exploring a number of issues associated with the current and future governance arrangements agreed by the Authority. It has also considered issues raised by internal audit stemming from their review of Corporate Governance considered by the Finance and Audit Committee at its September meeting. This report proposes a number of changes to the terms of reference to the existing committee structure along with amendments to standing orders, procurement and contractual arrangements.
RISK ASSESSMENT	By reviewing our governance arrangements, the risk of poor corporate governance is significantly mitigated.
COMMUNITY IMPACT	None for the purpose of this report
BUDGET IMPLICATIONS	None with this report
RECOMMENDATIONS	That Members consider and approve the amendments to the Members handbook
APPENDICES	A: Terms of reference for the Governance Working Group B: Proposed changes to the terms of reference for committees C: Proposed changes to procurement and contractual regulations

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Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

BACKGROUND PAPERS	Internal Audit Progress Report (Quarter 2 – July-Sept) - Report to the Finance and Audit Committee, September 2016.
REPORT ORIGINATOR	Jonathan Mair, Monitoring Officer, j.e.mair@dorsetcc.gov.uk Tel 01305 224181 Phil Chow, Treasurer, phil.chow@dwfire.org.uk Tel 01722 691071

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Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

1. Background

- 1.1 As Members are aware, a Governance Working Group chaired by Cllr. Flower has been meeting on a regular basis since September (Appendix A). This paper addresses three key areas of focus within the work programme for the group namely:
- i. Reviewing the efficiency and effectiveness of standing orders and financial and contractual regulations
 - ii. Reviewing the terms of reference of committees
 - iii. Actioning the findings from internal audit on governance
- 1.2 This report addresses these specific issues and proposes appropriate amendments agreed by the working group.

2. Proposed amendments to committee terms of reference

- 2.1 In September, the Finance and Audit Committee considered the findings from the Internal Audit review of Corporate Governance. Whilst the auditors provided a *substantial* assurance over agreed arrangements, there were a number of recommendations for further consideration. There were associated with the relationship and terms of reference of the committees. In particular, auditors felt that it would be helpful to extend the terms of reference for committees to include aims, membership, meeting periods, reporting arrangements.
- 2.2 To this end the working group have proposed revisions to the terms of reference for Committees and incorporated this detail. The group have also proposed simplification to the terms of reference for the Appeals Committee.
- 2.3 In addition to extending the details set out in specific terms of reference, the auditors also felt that it may be useful to look at the relationship between the Policy and Resources Committee and Finance and Audit Committee with regards to who takes the lead for financial monitoring. After exploring this issue at the working group, Members felt that this could be dealt with by more explicitly stating within the aims of each respective committee. In essence restating that the Policy and Resources Committee has a forward, strategic role in financial governance with the Finance and Audit Committee being focused on the monitoring of the in-year budget and oversight of the accounts and Governance statements. In exploring this issue, it was also felt by Members that the wider governance role of the Finance and Audit Committee should be further acknowledged and made more explicit. To this end it is suggested that the committee be re-titled the Finance, Governance and Audit Committee.
- 2.4 The proposed amendments to the terms of reference for committees can be found at Appendix B.

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Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

3. Proposed change to financial and contractual regulations.

- 3.1 The financial and contractual arrangements agreed by the Authority have been built on previous good practices and arrangements operating within the former Authorities. Whilst it is generally accepted that it is still early days, members of the working group including the Treasurer have nevertheless reviewed the efficiency and effectiveness of the financial and standing orders to ensure that they are fit for purpose. Both the Treasurer and the Clerk & Monitoring Officer are generally content with these arrangements, however they have proposed the amendments to these arrangements to help working efficiencies. These changes are associated with authorisation and consultation arrangements between them are detailed at Appendix C.

4. Summary

- 4.1 The Governance Working Group has made good progress in reviewing the current governance arrangements. The next stage in the group's work concern consideration of proposals for a possible change in the size of the Authority. Should the Authority decide to consult upon the reduction in its size then this may have consequential impacts on the future committee structure and composition. This will be the subject of a report to an additional meeting of the Authority on 9 March 2017.

Benjamin Ansell

Chief Fire officer

February 2017

Not protectively marked

Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

Appendix A

TERMS OF REFERENCE FOR THE GOVERNANCE WORKING GROUP

Purpose: To reflect and review on governance arrangements for the Dorset and Wiltshire Fire and Rescue Authority and provide recommendations to the Authority by April 2017

Constitution: Elected Members: Cllrs Flower, Payne, Newbury, Jones, Byatt
Statutory Officers – Chief Fire Officer, Treasurer, Monitoring Officer, Director of Corporate Services

Terms of Reference:

1. To review the effectiveness of standing orders and associated matters in the Members handbook
2. To review the terms of reference, business agendas/cycles and relationships between the Authority, Policy and Resources, LPS Committees and Finance and Audit Committee.
3. To determine the appropriate consultation and communications associated with any change to the Authority Membership
4. To review the effectiveness of discharging the statutory duties of Treasurer and Monitoring Officer
5. To review the effectiveness of the Statutory Officers delegations for CFO, Treasurer and Monitoring Officer
6. To consider how any changes can sustain and where possible support closer working with key partners
7. To consider and provide options in respect of the total number of elected Members on the Authority
8. To determine the appropriate process for any subsequent amendment to the Combination Order, and its standing Committees
9. To review the effectiveness of Members support and democratic arrangements provided by DWFRS
10. To support arrangements for the transition to 'modern.gov'
11. Review and consider the findings of the Internal Audit report on Corporate Governance
12. Review the relationship and future membership of the Policy and Resources Committee

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Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

Appendix B

PROPOSED CHANGES TO THE TERMS OF REFERENCE FOR COMMITTEES

- a) Dorset and Wiltshire Fire and Rescue Authority
- b) Policy and Resources Committee
- c) Finance, Governance and Audit Committee
- d) Local performance and scrutiny committee
- e) Appeals Committee

(a) Dorset & Wiltshire Fire and Rescue Authority

Main purpose

The main purpose of the Authority is to oversee the policy and service delivery of the Dorset and Wiltshire Fire and Rescue Service. The Authority consists of elected members from each of the five constituent Authorities and collectively they ensure we support communities, local partners and comply with a range of statutory requirements and frameworks including:

- ◆ Fire and Rescue Services Act 2004
- ◆ Fire and Rescue National Framework for England
- ◆ The Fire and Rescue Services (Emergencies) (England) Order 2007
- ◆ Civil Contingencies Act 2004
- ◆ Regulatory Reform (Fire Safety) Order 2005
- ◆ Health and Safety at Work Act 1974
- ◆ Management of Health and Safety at Work Regulations 1999

The Authority is the statutory body constituted in accordance with The Dorset and Wiltshire Fire and Rescue Authority (Combination Scheme) Order 2015 (Statutory Instrument No 435).

The Authority has agreed to establish five main committees:

- ◆ Policy and Resources Committee
- ◆ Local Performance and Scrutiny Committee (x4)
- ◆ Finance, Governance and Audit Committee
- ◆ Appointments and Disputes Committee
- ◆ Appeals Committee

Terms of Reference

The Fire Authority has delegated a number of its functions to committees and to senior officers but the following have not been delegated:

Not protectively marked

Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

- (i) approval of the annual community safety plan (including the Integrated Risk Management Plan)
- (ii) approval of the annual budget and agreement as to the precept to give effect to the budget
- (iii) maintaining a comprehensive performance management system to ensure that the authority's objectives are being met
- (iv) treasury management strategy and policies
- (v) approve and adopt a scheme of standing orders

The Dorset and Wiltshire Fire and Rescue Authority has appointed three chief officers (Chief Fire Officer, Clerk and Treasurer). Specific delegations have also been given by the Fire Authority to each of these officers.

Membership:

Number of Members – 30. Bournemouth Borough Council (4), Dorset County Council (8), Borough of Poole (3), Swindon Borough Council (5), Wiltshire Council (10)

Chairman – Cllr Rebecca Knox **Vice Chairman** – Cllr Garry Perkins

Members: Cllr Abdul Amin, Cllr Mark Anderson, Cllr Les Burden, Cllr Steve Butler, Cllr Mike Byatt, Cllr Ernie Clark, Cllr Ronald Coatsworth, Cllr Malcolm Davies, Cllr Chris Devine, Cllr Beverley Dunlop, Cllr Peter Edge, Cllr Spencer Flower, Cllr Mollie Groom, Cllr John Haines, Cllr Colin Jamieson, Cllr Susan Jefferies, Cllr Bob Jones, Cllr Trevor Jones, Cllr John Knight, Cllr Nick Martin, Cllr Christopher Newbury, Cllr Graham Payne, Cllr Christopher Rochester, Cllr Ricky Rogers, Cllr Vikki Slade, Cllr Ann Stribley, Cllr Joe Tray and Cllr Bridget Wayman

Quorum: 10

Meetings: June (annual meeting), September, December, and February

Reporting arrangements N/A

(b) Policy and Resources Committee

Main purpose

The main purpose of the Committee is to advise the Authority on setting and developing future policy, strategy and budget. Specifically, they will continually consider emerging issues to ensure the forward looking Service Transformation Programme and budget is captured within the Community Safety Plan and any proposals associated with public consultation.

Terms of reference:

1. Except in relation to any matter that cannot lawfully be delegated, the power to consider and approve any matter which in the opinion of the Monitoring Officer needs urgent decision on the grounds that the matter cannot wait until the next scheduled meeting of the Fire and Rescue Authority.
2. In place of the Authority to make a key decision in any case of urgency.
3. To monitor the development and delivery of the overarching Integrated Risk Management Plan and provide recommendations to the Fire and Rescue Authority for its adoption.
4. To consider the development of any future changes to the Community Safety Plan and underpinning strategies and make recommendations to the Fire and Rescue Authority.
5. To consider and make recommendations to the Fire Authority on any significant reports and proposals issued for consultation.
6. To consider longer terms issues and future budget proposals in advance of the Fire and Rescue Authority meeting of which the budget falls to be approved.

Membership: Number of Members - 12

Chairman – Cllr Rebecca Knox, **Vice Chairman** – Cllr Chris Devine

Cllr Peter Edge, Cllr Spencer Flower, Cllr Mollie Groom, Cllr Garry Perkins, Cllr Chris Rochester, Cllr Ricky Rogers, Cllr Vikki Slade, Cllr Ann Stribley, Cllr Joe Tray and Cllr Bridget Wayman,

Quorum: 3

Meetings: June, October, January, April

Reporting arrangements: To the Authority

Not protectively marked

Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

(c) Finance, Governance and Audit Committee

Main purpose

The main purpose of the Committee can be broadly defined in five key areas:

1. ensuring that sound systems of internal control are in place including establishing, developing and overseeing audit programmes and the delivery of key findings
2. providing an oversight of current Service performance in relation to all aspects of *Priority 4: Making every penny count* of the Community Safety Plan as well as scrutinising any matters referred to it by the Authority.
3. ensuring sound day to day financial management arrangements are in place and overseeing financial expenditure
4. ensuring sound risk and business continuity management arrangements are in place
5. ensuring that good governance operates in line with the CIPFA/SOLACE code of good governance and that the Annual Governance Statement and Statement of Assurance are recommended to the Authority

Terms of Reference:

1. To oversee the internal and external audit arrangements and to approve the audit plans, strategy, programmes and annual letters/reports, and to secure effective co-ordination between internal and external audit, in consultation with the relevant officers.
2. To review proposals made in relation to the appointment of external auditors and internal audit services and to make recommendations as to their appointment.
3. To receive the reports of internal and external audit and to ensure that their recommendations and findings are adequately addressed and implemented by the Authority and its officers.
4. To consider reports from the head of internal audit on internal audit's performance during the year. These will include:
 - (a) Updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work.
 - (b) Regular reports on the results of the Quality Assurance and Improvement Framework or programme.
 - (c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards, considering whether the non-compliance is significant enough that it must be included in the Annual Governance Statement.
 - (d) The statement of the level of conformance with the Public Sector Internal Audit Standards and the results from the Quality Assurance and Improvement Framework or Programme that supports the statement - these will indicate the reliability of the conclusions of internal audit.

Not protectively marked

Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

- (e) The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control together with the summary of work supporting the opinion - these will assist the committee in reviewing the Annual Governance Statement.
5. To monitor financial spend against budget.
6. To keep under review, the effectiveness of the internal financial control systems of the Authority. This should include the adequacy of financial policies and practices to ensure compliance with relevant statutes, guidance, policies, standards and codes of corporate governance.
7. To consider procedural issues relating to the Accounts and Audit Regulations.
8. To monitor the anti-fraud and corruption strategy, bribery policy, actions and resources.
9. To scrutinise and approve the Fire and Rescue Authority's Statement of Accounts, including the Annual Governance Statement. 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.
10. To consider the Authority's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
11. To review the Authority's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
12. To consider and recommend to the Authority the Annual Member Development Programme
13. To monitor the risk management and business continuity arrangements and make recommendations to the full Authority as necessary.
14. Monitor and where necessary revise the Member development policy.

Membership: Number of Members- 12

Chairman – Cllr Bob Jones, **Vice Chairman** – Cllr Colin Jamieson

Members Cllr Abdul Amin, Cllr Les Burden, Cllr Mike Byatt, Cllr Ernie Clark, Cllr Ronald Coatsworth, Cllr Malcolm Davies, Cllr John Haines, Cllr Trevor Jones, Cllr Christopher Newbury and Cllr Graham Payne

Quorum: 3

Meetings: March, July, September and December

Reporting arrangements: To the Authority

(d) Local Performance and Scrutiny Committees

Main purpose

The main purpose of the area based committees is to reduce community and firefighter risks by developing, overseeing and assuring the delivery of activities associated with prevention, and response. There are four committees associated with the administrative areas of the following constituent authorities: Bournemouth Borough Council and the Borough of Poole, Dorset County Council, Swindon Borough Council and Wiltshire Council.

Terms of reference

1. To monitor the effectiveness and use of local information to best target prevention, protection and response activities and resources to the needs of local communities.
2. To recommend to the Fire and Rescue Authority local targets for emergency response and to monitor the effectiveness appropriate to its area.
3. To monitor the effectiveness of the discharge of fire safety statutory duties and wider fire protection initiatives appropriate to the build environment.
4. To monitor and periodically review the effectiveness of the approach and initiatives associated with fire safety education and prevention.
5. To monitor the outcomes of partnership working and the effectiveness of engagement with local partners.
6. To monitor the effectiveness of planning, preparedness and local community resilience plans appropriate to their area developed by the Local Resilience Forum.
7. To examine and thereafter approve quarterly assurance reports in respect of the key statutory duties (prevention, fire safety and response) to be considered by the full Fire Authority.
8. To recommend to the Fire and Rescue Authority proposals for whole Authority performance monitoring or scrutiny.

Membership: Number of Members – varies and aligned to the four administrative areas

Bournemouth and Poole LPS

Membership - 7

Chairman: Cllr Mark Anderson. **Members:** Cllr Les Burden, Cllr Malcolm Davies, Cllr Beverley Dunlop, Cllr Christopher Rochester, Cllr Vikki Slade and Cllr Ann Stribley

Dorset LPS

Membership - 8

Chairman: Cllr Trevor Jones **Members** Cllr Steve Butler, Cllr Mike Byatt, Cllr Ronald Coatsworth,

Not protectively marked

Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

Cllr Spencer Flower, Cllr Colin Jamieson, Cllr Susan Jefferies and Cllr Rebecca Knox

Swindon LPS

Membership - 5

Chairman: Cllr Joe Tray **Members:** Cllr Abdul Amin, Cllr John Haines, Cllr Nick Martin and Cllr Garry Perkins

Wiltshire LPS

Membership – 10

Chairman: Cllr Chris Devine **Members:** Cllr Ernie Clark, Cllr Peter Edge, Cllr Mollie Groom, Cllr Bob Jones, Cllr John Knight, Cllr Christopher Newbury, Cllr Graham Payne, Cllr Ricky Rogers and Cllr Bridget Wayman

Quorum: 3*

Meetings: May/June, August, November, February/March

Reporting arrangements: To the Authority

(*Note: for the Bournemouth and Poole LPS to be quorate, there must be at least one Member from Bournemouth and one Member from Poole present.)

Not protectively marked

Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

(e.) Terms of Reference: Appeals Committee

Where the policies of the Fire and Rescue Authority provide for an appeal to elected Members the role of the Appeals Committee is to hear and determine an appeal against dismissal brought by any member of staff (conditioned to the Grey Book or the Green book), whether the termination is for a disciplinary matter, ill health, redundancy or some other substantial reason.

Note: Issues related to the employment of the Chief Fire Officer and any member of the Senior Leadership Team subject to Gold Book terms and conditions shall be referred in the first instance to the Appointments and Disputes Committee for decision. Where Gold Book conditioned officers are entitled to appeal a decision of the Appointments and Disputes Committee then any such appeal shall be to the Appeals Committee.

Membership

Number of Members: any five Members appointed on a politically proportionate basis. The Appeals Committee has no standing membership. Instead members will be appointed from amongst the whole membership of the Fire and Rescue Authority as the need to meet arises.

Chairman – To be appointed on each occasion from amongst the membership of the Committee.

Meetings

No standing meetings.

Reporting arrangements

To Authority

Not protectively marked

Item: Proposed changes to the Governance Arrangements

Meeting: 9 February 2017

Appendix C

PROPOSED CHANGES TO CONTRACT AND PROCUREMENT STANDING ORDERS

Standing Orders Page 5 of 15 Para 7.2

There shall otherwise be no exemptions from these contract procedure rules for contract extensions for values above £100,000 except on the written authority of the Clerk/Monitoring Officer which shall be given only when, after consultation with the Treasurer, he or she is satisfied that the exemption is justified in the interests of the Authority in special circumstances. For contracts extensions below £100,000 written approval of the Treasurer is required.

The Clerk/Monitoring Officer/Treasurer shall maintain registers of authorisations for exemptions from these standing orders which shall be available for inspection by all members of the Authority.

The authority of the Clerk/Monitoring Officer/Treasurer to authorise an exemption from these contract procedure rules, shall include the giving of authority to negotiate and conclude a contract with a single contractor if the Clerk/Monitoring officer/Treasurer considers that the exemption is justified in the interests of the Authority by special circumstances. Any such exemptions over £100,000 authorised by the Clerk/Monitoring officer must be reported to the Authority.

Scheme of Delegation Page 3 Para 4.3

'A key decision is one which has financial implications in excess of current provisions, for the Authority of more than £100,000 or which will effect response standards or other aspects of service delivery to a significant extent in the area of one or more of the constituent councils.