SCOTTISH FIRE AND RESCUE SERVICE

Integrated Governance Committee

Report No: C/IGC/02-19

Agenda Item: 12

Report To:	INTEGRATED GOVERNANCE COMMITTEE	
Meeting Date:	27 MARCH 2019	
Report Title:	COMPLIANCE AND GOOD CORPORATE GOVERNANCE AND PRACTICES	
Report Classification:	For Noting	**Board/Committee Meetings ONLY** **For Reports to be held in Private**
		Reason

1	Purpose
1.1	The purpose of this report is to present the performance reporting against specific principles of the Scottish Fire and Rescue Service (SFRS) Code of Corporate Governance.

2	Background
2.1	There is a requirement for the Board to act consistently with recognised principles of good governance.
2.2	The SFRS Code of Corporate Governance was approved by the Board at its meeting on 15 December 2016 and subsequently published on our public website and is intended to be a living document that will evolve in line with best practice and through our processes for continuously reviewing and improving the effectiveness of our governance arrangements. It fully supports the outcomes and priorities set out in the Strategic Plan for 2016-19, in particular the strategic priority of Governance and Social Responsibility.
2.3	As the IGC meets a minimum of three times per annum, all six core principles will be subject to detailed scrutiny during each reporting year. It was therefore proposed that a report should be presented at each IGC meeting detailing evidence of performance against two of the six core principles of good corporate governance thereby covering all six throughout the reporting year.

3	Main Report and Discussion
3.1	Principles 5 and 6 are therefore presented to IGC (Appendix A) highlighting any progress that has been made in these areas.
3.2	A number of Improvement Actions had previously been identified to ensure we meet the commitments outlined in our Code and from this an assurance level was applied to each. The Performance Report (Appendix A) will allow the Committee to track progress of the Improvement Actions identified and how these are being considered as part of our continuous improvement.

4	Recommendation
4.1	The Committee are invited to note the comments and progress made against the Improvement Actions and provide any feedback as necessary. These are all detailed within the Performance Report (Appendix A) for each Principle.

5	Key Strategic Implications
5.1 5.1.1	**Financial** There are no key strategic financial implications arising from the recommendations set out in this paper.
5.2 5.2.1	**Legal** Whilst there is no legal requirement to have a Code of Governance within SFRS, the adoption of the proposed Code is intended to improve the Board's and its Committees ability to perform its scrutiny role and therefore deliver its statutory duties effectively.
5.3 5.3.1	**Performance** The information obtained from the performance reports of the SFRS Code of Corporate Governance will be outlined within the Annual Governance Statement provided by the Accountable Officer to the ARAC. Any assurance gaps identified from these reviews will form Improvement Actions that will be allocated to Directorates to be addressed as part of business as usual arrangements or alternatively through the Annual Internal Audit Plan, as deemed necessary.
5.4 5.4.1	**Environmental & Sustainability** There are no key strategic environmental and sustainability implications arising from the recommendations set out in this paper.
5.5 5.5.1	**Workforce** There are no key strategic workforce implications arising from the recommendations set out in this paper.
5.6 5.6.1	**Health & Safety** There are no key strategic health and safety implications arising from the recommendations set out in this paper.
5.7 5.7.1	**Timing** This report has been produced to support the arrangements approved by SFRS Board at its meeting on 29 June 2017 for the effective monitoring and scrutiny of the approved SFRS Code of Corporate Governance. It will also be used to form a report on the overall effectiveness of the Code of Corporate Governance within the Annual Governance Statement presented to the Audit and Risk Assurance Committee (ARAC) and subsequently the Board for approval.
5.8 5.8.1	**Equalities** The existing Equality Impact Assessment – Board Operating Arrangements, has been reviewed and there are no issues arising from the matters raised within this report.
5.9 5.9.1	**Information Governance** Following this review The Code will be updated as required.
5.10 5.10.1	**Risk** There are no key strategic risk implications arising from the recommendations set out in this paper.

5.11 5.11.1	**Communications & Engagement** Engagement has taken place with the Board and the IGC regarding arrangements for monitoring and scrutiny of SFRS Code of Corporate Governance. An overview of this will be incorporated within future Annual Governance Statements and reported to ARAC and the Board. Updates from IGC will be provided to the Board.
5.12 5.12.1	**Training** There are no key strategic training implications arising from the recommendations set out in this paper.

6	**Core Brief**
6.1	Not Applicable.

7	**Appendices/Further Reading**
7.1	Appendix A – Code of Corporate Governance – Performance Report
7.2	Link to published version of SFRS Code of Corporate Governance: https://www.firescotland.gov.uk/media/1133907/sfrs_code_of_corporate_governance_v3.0_september_2018_.pdf

Prepared by:	Alasdair Cameron, Group Manager, Board Support Team
Sponsored by:	Mark McAteer, Director of Strategic Planning, Performance and Communications
Presented by:	Alasdair Cameron, Group Manager, Board Support Team

Links to Strategy
This links to SFRS Strategic Plan 2016-19 through our priorities of Governance and Social Responsibility, incorporating the following associated key strategic objectives: • We will continue to ensure that our decision making processes are transparent and evidence led. • We will develop a performance framework that enables the effective management of risk and supports effective scrutiny, challenge and improvement. • We will embed effective communication and engagement in all that we do. • We will continue to explore how we maximise efficiency and productivity within our organisation and partnerships. •

Governance Route for Report	Meeting Date	Comment
Integrated Governance Committee	*04 October 2018*	*For Noting (Principles 1 & 2)*
Integrated Governance Committee	*17 January 2019*	*For Noting (Principles 3 & 4)*
Integrated Governance Committee	*27 March 2019*	*For Noting (Principles 5 & 6)*

<div align="right">**APPENDIX A**</div>

Scottish Fire and Rescue Service (SFRS) Code of Corporate Governance Performance Report

Background and Purpose

Assurance categories are applied to each of the commitments made within The Code to provide an indication of the strength of the control in place and enable progress against each of these to be easily monitored and reviewed. No improvement actions will be removed from the log or intended completion dates extended until approval has been sought from the Committee.

The status of Assurance levels are categorised as follows:

Assurance Categories - Key	
Substantial Assurance	Controls are robust and well managed
Reasonable Assurance	Controls are adequate but require improvement
Limited Assurance	Controls are developing but weak
Insufficient Assurance	Controls are not acceptable and have notable weaknesses

Improvement Actions/Recommendations

This Performance Report specifically focuses and provides an update in relation to Principles 5 & 6

Since the last report 1 Limited Assurances have now been increased to Reasonable. 1 Reasonable Assurances have also increased and are now considered Substantial.

At present a total of 0 have Insufficient Assurance, 0 have Limited Assurance, 3 have Reasonable Assurance and 10 have Substantial Assurance.

Areas for improvement will continue to be monitored and carried forward, with progress presented to the IGC as part of the cyclical process.

FOREWORD

Good corporate governance is fundamental to any effective organisation and is at the heart of good public services, contributing to the achievement of National Outcome 16 – 'our public services are high quality, continually improving, efficient and responsive to local people's needs'.

This Code of Corporate Governance ('the Code') outlines our commitment to upholding high standards of corporate governance by setting out the principles and supporting characteristics we will apply to ensure we are achieving our intended outcomes while acting in the public interests at all times. It also embodies and supports our values of Safety, Teamwork, Respect and Innovation. In the Scottish Fire and Rescue Service, this means doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

The Code concentrates on recognised principles of good governance as its framework. It focuses on the role of the non-executives (the Board) and executives (Strategic Leadership Team) of the SFRS in upholding good corporate governance, and has drawn on best practice from across the public, private and charity sectors. Through this it is intended that we support our greatest asset, our workforce, in the delivery of our services to local outcomes for our communities.

The Code is intended to be a living document and will evolve in line with best practice and through our processes for continuously reviewing and improving the effectiveness of our governance arrangements. It fully supports the outcomes and priorities set out in the Strategic Plan for 2016-19, in particular the strategic priority of Governance and Social Responsibility.

We are confident that this Code will provide further support to enabling good corporate governance within the Scottish Fire and Rescue Service and therefore demonstrate our commitment to delivering our intended outcomes in the best possible manner.

ABOUT THIS CODE

What is Corporate Governance?

Corporate governance is the way in which organisations are directed, controlled and led. It defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation.

Corporate Governance in the Scottish Fire and Rescue Service

The SFRS meets its corporate governance requirements and expectations in many ways. The Code therefore brings together the various strands of our corporate governance arrangements into one overarching framework document that demonstrates our commitment to upholding good corporate governance.

The focus of the Code is on the Board (Non-executives) and the Strategic Leadership Team (Executives), whereby the Code is designed to assist them in performing their role of directing, controlling and leading the SFRS in a fit and proper manner. The Code will also be cascaded to management who may directly support the Board and Strategic Leadership Team (SLT) in fulfilling this role and our workforce who are integral to achieving improved local outcomes through the delivery of our priorities and strategic objectives.

By following the Code, we aim to deliver high standards of corporate governance, which we believe will lead to better service delivery and ultimately, better outcomes for the communities of Scotland. We are responsible for ensuring that we deliver our services in accordance with the law and our statutory responsibilities, that we safeguard and properly account for public money and that this money is used in accordance with Best Value principles. The Code sets out the manner in which we will operate to meet these responsibilities and therefore maintain public confidence in the SFRS as a public body.

At the heart of the Code lies six core principles of good corporate governance, each with its supporting characteristics that outline how we will demonstrate application of the principles. The six principles we have adopted are taken from the 'Good Governance Standard for Public Services'. By adopting these principles we will be acting consistently with the principles of good governance, a requirement of the Fire (Scotland) Act 2005, as amended by the Police and Fire Reform (Scotland) Act 2012 and following best practice promoted by the Scottish Government in publications such 'On Board: a Guide for Board Members of Public Bodies in Scotland'.

Using the six principles of good corporate governance as a basis for the Code's framework, provides us with a sound structure to assess and ultimately report on the effectiveness of our corporate governance in the Annual Governance Statement. Internal audit and external audit will also benefit from the Code's structured approach, allowing them to direct their independent assurance work on corporate governance more effectively. Our approach to reviewing the Code and reporting its effectiveness is set out on page ten of the Code.

Principle 5 – We will develop the capacity and capability of the Board and Strategic Leadership Team to be effective

	What does this mean?			
	We are: • Making sure that Board Members and officers of the SLT have the skills, knowledge and experience they need to perform well and maximise their ability to contribute to improved outcomes. • Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group. • Striking a balance, in the membership of the Board, between continuity and renewal.			
	Where is the evidence that shows we are demonstrating this?			
We will:		Previous RAG Status	Latest RAG Status	Comments
• Publish on our website, Board and Committee reports relating to the arrangements for annually reviewing Board and Committee effectiveness, and the outcomes of these annual reviews.			Substantial	These are presented to the Board annually - Arrangements for Review of Effectiveness of The Board
• Have an induction programme in place for any new Members of the Board and SLT.			Substantial	An induction programme for Board members was developed for the most recent appointments in November 2016. An induction programme for SLT members is being developed over the next year (2017-18) by POD within HR-OD and TED functions. **Improvement Action 5.1 (HoF HR-OD) Update Mar'19 -** There is now a formal induction process for the SFRS. This process has been formulated as a standard process where managers can incorporate the relevant elements, over and above the standard required areas. This process can also be used as the basis for SLT members and was recently utilised following the CO

			appointment. Feedback on the new process will be sought during 2019/20 in relation to effectiveness and benefit for new employees and employees new to role.
•	Have a programme of annual appraisals in place for Members of the Board and SLT.	Substantial	These arrangements are in place for Board and SLT members as intended.
•	Develop a Board Member's CPD Framework that will enable them to access professional and personal learning and development opportunities.	Reasonable	Develop a programme to enhance Board Member skills matrix aligned to their Appraisals. This is being reviewed with newly appointed Chair of the board and plans being developed for Board and SLT development effectiveness event(s). Work on-going to identify and purchase an Application that will increase access to ICT resources for board members. To help ensure that our Board members are able to develop in role and continue to provide and enhance their leadership, direction and support skills to the SFRS. Further development of this work is essential. **Improvement Action 5.2 (BST Manager) Update Mar'19 -** A SharePoint was developed and went live August '18 for Board members to access development and additional info.
•	Have plans in place for taking positive action to have a membership that is broadly reflective of the wider Scottish Population with a 50:50 gender split by 2020.	Substantial	The SFRS have suitable plans in place through their Positive Action and also Equal Pay Report
•	Maintain a Board Skills Matrix, linked to our strategic priorities and objectives, for identifying skills gaps and areas of strength and have plans in place for balancing skills and filling skills gaps within reasonable timescales.	Substantial	Within the Arrangements for Review of Effectiveness of The Board the Competency Based Matrix and self-assessment processes together with the

			annual appraisal ensures skills gaps are identified by the Chair of the Board and working with Scottish Government and the Public Appointments team succession planning is put in place. Strategic Plan 2016-19. This has proved very successful for the recent appointment of 6 new Board members.
• Maintain a Remuneration, Appointments and Nomination Sub-committee with responsibilities for effective corporate oversight of the succession planning arrangements for Board Members and through the Chair of the Board, provide advice to Ministers about the Board's membership needs.		Substantial	A Remuneration, Appointments and Nomination Sub-committee is well established within the SFRS with a recently reviewed Terms of Review to ensure the work is aligned to the needs.

Principle 6 – We will engage with the communities of Scotland and other stakeholders and make accountability real

	What does this mean?			
	We are: • Taking an active and planned approach to dialogue with, and accountability to, the public and stakeholder groups. • Encouraging and enabling the participation of communities in public life. • Taking an active and planned approach to meet responsibilities to staff.			
	Where is the evidence that shows we are demonstrating this?			
We will:		**Previous RAG Status**	**Latest RAG Status**	**Comments**
•	Publish on our website details of how to make comments, complaints and commendations. This will include arrangements for making contact in person; be letter; by telephone and by completing a web form on the SFRS website.		Substantial	Dedicated area within our website Contact Details Complaint Comments and Compliments
•	Regularly review the accessibility and transparency of our communication methods, using tools such as the Equality and Human Rights Impact Assessment Process and customer feedback.		Substantial	Our communication channels follow good practice in accessibility guidelines. Key communications e.g. Consultations are subject to full E&HR Impact Assessments Communication and Engagement Strategy 2017-2020
•	Measure the success of our engagement through a 'Matrix Approach', including increased engagement through online channels and regular reporting and feedback monitoring of both internal and external engagement meetings. This analysis will allow us to determine both improvements in engagement and the quality of our relations with stakeholders.		Reasonable	A matrix approach to stakeholder engagement is now deployed, ensuring messaging is effectively aligned. We do not have the required budget or resource to undertake the desired analysis of communications impact Communication and Engagement Strategy 2017-2020. **Improvement Action 6.1 (HoF C&E) Update Mar'19 -** This area has developed from mid 2018

			through the procurement of a Stakeholder management tool called Vuelio. It enables a top-level view and deeper analysis of engagement, feedback and positions shift. Data input is still the early stages however will develop over time.
• Build in regular 'temperature check' analysis of stakeholders as part of the new Communications and Engagement Strategy. This will allow us to determine if we are improving stakeholder engagement and their sense of being able to influence and shape decisions and direction.		Reasonable	We do not have the required budget or resource to undertake this level of analysis Communication and Engagement Strategy 2017-2020. **Improvement Action 6.2 (HoF C&E) Update Mar'19:-** The new Vuelio system enables temperature checks, monitoring and reports to be produced as required. This again will improve over time.
• Enable all Board meetings to be open to the public, and all reports and minutes available to the internet and ensure that other relevant documents to be made available under Freedom of Information provisions.		Substantial	Board Meetings Freedom of Information
• Publish on our website details of current consultations and how to make comments and provide feedback on our relevant strategic plans and services.		Substantial	Consultations are advertised on our website and direction on how to make comment and provide feedback included.