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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## NOTICE OF MEETING

<i>Meeting</i>	<b>HIWFRA Standards and Governance Committee</b>	<i>Clerk to the Hampshire &amp; Isle of Wight Fire and Rescue Authority</i> <b>CFO Neil Odin</b>
<i>Date and Time</i>	<b>Friday, 29th July, 2022 2.00 pm</b>	<i>Fire &amp; Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	<b>Meeting Room X, Fire and Police HQ, Eastleigh</b>	
<i>Enquiries to</i>	<b><u><a href="mailto:members.services@hants.gov.uk">members.services@hants.gov.uk</a></u></b>	

The Openness of Local Government Bodies Regulations are in force, giving a legal right to members of the public to record (film, photograph and audio-record) and report on proceedings at meetings of the Authority, and its committees and/or its sub-committees. The Authority has a protocol on filming, photographing and audio-recording, and reporting at public meetings of the Authority which is available on our website. At the start of the meeting the Chairman will make an announcement that the meeting may be recorded and reported. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image and anything they say.

## Agenda

### 1 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

### 2 **DECLARATIONS OF INTEREST**

To enable Members to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in the Authority's register of interests, and any other pecuniary or non-pecuniary interests in any such matter that Members may wish to disclose.

### 3 **MINUTES OF PREVIOUS MEETING** (Pages 5 - 8)

To confirm the minutes of the previous meeting held on 11 March 2022.

4 **DEPUTATIONS**

Pursuant to Standing Order 19, to receive any deputations to this meeting

5 **CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

6 **ANNUAL ASSURANCE STATEMENT 2021/22** (Pages 9 - 46)

To receive a report of the Chief Fire Officer providing the annual assurance statement 2021/22 for consideration.

7 **ANNUAL GOVERNANCE STATEMENT 2021/22** (Pages 47 - 78)

To receive a report of the Chief Fire Officer providing the annual governance statement 2021/22 for consideration.

8 **INTERNAL AUDIT PROGRESS REPORT 2021/22 AND 2022/23**  
(Pages 79 - 96)

To receive a report of the Chief Internal Auditor providing the Internal Audit Progress Report 2021/22 and 2022/23 for consideration.

9 **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**  
(Pages 97 - 106)

To receive a report of the Chief Fire Officer providing the Internal Audit Management Actions Progress Report for consideration.

10 **EXTERNAL AUDIT PLANNING 2021/22 ACCOUNTS** (Pages 107 - 154)

To receive a report of the Chief Financial Officer providing the External Audit Planning 2021/22 Accounts for consideration.

11 **ORGANISATIONAL RISK REGISTER UPDATE** (Pages 155 - 162)

To receive a report of the Chief Fire Officer providing the Organisational Risk Register for consideration.

12 **IMMEDIATE DETRIMENT** (Pages 163 - 170)

To receive a report of the Chief Financial Officer providing a report on Immediate Detriment and Historical Pension Contribution Rates for consideration.

**13 FIRE PENSION BOARD ANNUAL REPORT 2021/22 (Pages 171 - 182)**

To receive a report of the Chief Financial Officer providing the Fire Pension Board Annual Report 2021/22 for consideration.

**14 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2021-22 (LESS EXEMPT APPENDIX B) (Pages 183 - 208)**

To receive a report of the Chief Internal Auditor providing the annual Internal Audit Report and Opinion 2021/22 for consideration.

**15 EXCLUSION OF PRESS AND PUBLIC**

To resolve that the public be excluded from the meeting during the following item of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reason set out in the exempt appendix.

**16 EXEMPT APPENDIX B - INTERNAL AUDIT ANNUAL REPORT AND OPINION 2021/22 (Pages 209 - 210)**

To consider an exempt appendix in relation to Item 14 on the agenda.

**ABOUT THIS AGENDA:**

This agenda is available through the Hampshire & Isle of Wight Fire and Rescue Service website ([www.hantsfire.gov.uk](http://www.hantsfire.gov.uk)) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

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# Agenda Item 3

AT A MEETING of the HIWFRA Standards and Governance Committee held at  
Fire and Police HQ, Eastleigh on Friday, 11 March, 2022

Chairman:

\* Councillor Liz Fairhurst

\* Councillor David Harrison

\* Councillor David Fuller

\* Councillor Jonathan Glen

Councillor Ian Stephens

\* In attendance

Also present with the agreement of the Chairman: Councillor Rhydian Vaughan and  
Councillor Derek Mellor.

## 30. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Stephens

## 31. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

## 32. **MINUTES OF PREVIOUS MEETING**

The minutes of the previous meeting were reviewed and agreed

## 33. **DEPUTATIONS**

No deputation requests had been received.

## 34. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements on this occasion.

## 35. **INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2022/23**

The Standards and Governance Committee considered a report of the Chief Internal Auditor regarding the Internal Audit Charter and Internal Audit Plan

The statutory requirements relating to internal audit and to the Charter were highlighted and it was noted that the Plan was derived from the Charter. Attention was drawn to the updated appendix, which contained adjustments relating to the timescales.

Members were particularly interested in the approach to internal audit and noted that its focus was risk based. Therefore the work changed and adapted to the business in order to be able to give assurance in the most appropriate areas.

The recommendations in the report were considered and it was:

**RESOLVED**

That the Internal Audit Charter and Internal Audit Plan for 2022/23 be approved by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

**36. INTERNAL AUDIT PROGRESS REPORT 2021/22**

The Standards and Governance Committee considered a report of the Chief Internal Auditor updating the Committee on the progress of internal audit work.

The report was introduced and it was noted that the limited finding on the prevention referral pathway audit would be addressed in the management actions progress report (Minute 37 refers).

The Committee discussed the impact of the pandemic on internal audit and it was confirmed that in general it had been possible to cover staff absence. Changes to timescales in the internal audit plan were due to staff capacity and prioritisation.

The recommendations in the report were considered and it was

**RESOLVED:**

That the progress in delivering the internal audit plan for 2021/22 and the outcomes to date be noted by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

**37. INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**

The Standards and Governance Committee considered a report of the Chief Fire Officer on the progress made towards the implementation of internal audit management actions.

An update on the progress and conclusion of various audits was presented with reference to the report. The limited finding in relation to the prevention referral pathway audit was highlighted and it was noted that 19 actions had been identified, or which 11 were already complete and the remainder were due to be complete by the end of March.

The expenses and allowances amnesty was discussed and it was noted that the scale was relatively low, consisting mostly of allowances that had continued in error and therefore had no tax implications. There was no evidence of expenses being claimed without entitlement. It was confirmed that following the amnesty, repayment arrangements would be put in place for similar situations.

The recommendations in the report were considered and it was

RESOVLED

That Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee notes the progress made towards the implementation of the internal audit management actions and the delivery of the audit plan.

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Chairman,

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards and Governance Committee**

Purpose: Approval

Date: **29 July 2022**

Title: **ANNUAL ASSURANCE STATEMENT 2021/22**

Report of Chief Fire Officer

### SUMMARY

1. The Annual Statement of Assurance ('Annual Statement') is a document that is required by the Fire and Rescue National Framework for England (2018) to provide assurance to local communities and government on financial, governance and operational matters. Hampshire & Isle of Wight Fire and Rescue Authority must publish an Annual Statement which is made accessible to all stakeholders to enable transparency of fire and rescue services in Hampshire and the Isle of Wight for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.
2. This is the first combined Annual Assurance Statement since Hampshire and Isle of Wight Fire & Rescue Service launched on 1<sup>st</sup> April 2021 and is a summary of our compliance with statutory obligations through the delivery of a wide range of assurance mechanisms in place to identify risks, areas for improvement, and good practice to disseminate.

### BACKGROUND

3. The Fire and Rescue National Framework for England, published in May 2018, sets out the reason for each Fire and Rescue Service to produce an Annual Statement:

*"The statement should outline the way in which the authority and its fire and rescue service has had regard – in the period covered by the document – to this National Framework, the Integrated Risk Management Plan and to any strategic plan (e.g. the Fire and Rescue Plan – see 4.10 below) prepared by the authority for that period. The authority must also provide assurance to their community and to government on financial, governance and operational matters."*

4. The Annual Statement is a retrospective review of the completed financial year. **Appendix A** contains the detailed Annual Statement of Assurance which has been structured, for the reader's benefit, to follow the Safety Plan priorities.
5. The format of the Annual Statement is not prescribed and therefore it is determined by the Fire and Rescue Service to demonstrate to local communities and partner organisations how it fulfils its statutory obligations and activities to make Hampshire a safer place to live, work and travel.

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

6. The Annual Statement, through the Fire and Rescue Authority, provides assurance to the public on the Fire and Rescue Service's fulfilment of its duties and activities so *Together we make life safer*. Therefore, each of the headings within the Statements of Assurance are aligned to the Safety Plan priorities to demonstrate how we actively meet our statutory obligations using a robust Safety Plan.

#### RESOURCE IMPLICATIONS

7. There are no financial implications to the approval of the Annual Statements of Assurance as these are retrospectively looking back at the previous financial year rather than suggesting a future course of action.

#### IMPACT ASSESSMENTS

8. There are no impacts to assess as the Annual Statements are retrospectively looking back at the previous financial year rather than suggesting a future course of action.

#### LEGAL IMPLICATIONS

9. The Annual Statement is a legal obligation in accordance with the Fire and Rescue National Framework for England 2018.

#### RISK ANALYSIS

10. The Annual Statement is a legal obligation in accordance with the Fire and Rescue National Framework for England 2018. Therefore, failure to deliver a statement may result in litigation.
11. HMICFRS Inspection commenced in April 2022 and the Annual Statement is one of the documents required for their document review. Failure to deliver a statement may result in reputational damage following an area for

improvement identified by the Inspectorate. Likewise, the Home Office and HMICFRS routinely request and review these documents, so failure to produce and approve them may result in reputational damage.

## EVALUATION

12. As there are no future changes because of the Statement, there is no requirement to undertake an evaluation. However, our Statement is written in line with guidance published by the Department of Local Government in 2014 and aligned to the revised National Framework in 2018.

## CONCLUSION

13. The Annual Statements of Assurance for 2021/22 provides stakeholders with oversight of Hampshire and Isle of Wight Fire and Rescue Service's ability to deliver its core purpose that *Together we make life safer*, and therefore meet the requirements of the 2018 Fire and Rescue National Framework for England.

## RECOMMENDATION

14. That the Hampshire and Isle of Wight Fire and Rescue Service Annual Statement of Assurance be approved by the HIWFRA Standards and Governance Committee

## APPENDICES ATTACHED

15. Appendix A – Hampshire Fire and Rescue Service Annual Statement of Assurance 2021/22

## BACKGROUND PAPERS

16. [Fire and Rescue National Framework for England, May 2018](#)

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# Appendix A



## Annual Assurance Statement 2021/22

April 2021 to March 2022

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## Introduction

This Statement seeks to provide an accessible way in which communities, central government, local authorities and other partners may make a valid assessment of our Fire and Rescue Authority's performance for the financial year 2021/22.

Hampshire and the Isle of Wight is a large Fire and Rescue Authority based in the South of England which covers an area of more than 1600 square miles. Hampshire and the Isle of Wight is home to a population of just over 2 million people dispersed across rural, urban and coastal areas. Rural Hampshire covers 83% of the county with urban areas accounting for the remaining 17%. Whilst the overriding character of the Island is rural, about 60% of the Island's population live within the main towns of Newport, Cowes, East Cowes, Ryde, Sandown and Shanklin.

Hampshire is bordered to the west by Dorset and Wiltshire, to the east by West Sussex and Royal Berkshire and Surrey to the north. The county is bordered by the Solent to the south which is one of the busiest shipping lanes in the world served by the commercial ports of Southampton and Portsmouth.

During the height of the summer season the population can double with visitors to the Island which causes a large volume of vehicles on the roads. It is estimated that, in non-pandemic times, around 2 million people visit the Isle of Wight each year. Newport is the largest county town by population (around 17,000) and is home to the Isle of Wight Council (IWC), St Mary's Hospital, courts and other public services.

Hampshire and the Isle of Wight are rich in history with national parks, significant places of interest and heritage sites of international importance. The cities of Southampton and Portsmouth are urban areas of growing populations with universities that are seeing significant growth in student numbers and accommodation requirements. The growth in industry around Winchester and Basingstoke highlights the changing landscape. Balanced with this are large numbers of remote villages with many thatched and listed buildings.

Hampshire and the Isle of Wight are home to several significant military bases and ports. There are also several businesses that are classified as Control of Major Accidents and Hazard (COMAH) sites. These locations have specific plans in place to manage the risks they have on site. There is a large and diverse range of commercial and industrial elements across Hampshire with heavy industries, including Fawley Oil Refinery and BAE Systems.

Hampshire and the Isle of Wight also have several major transport hubs including airports, ferry terminals, commercial ports, major motorways and several major hospitals, prisons and key infrastructure.

Our purpose is *Together we make life safer* for everyone in Hampshire and the Isle of Wight, and for our people. We work hard to educate people to take the right action to reduce the risk of fires and other incidents happening. But if they do occur then we ensure we have the best equipment and skilled people available to respond accordingly.

Over the last decade we have successfully driven down the number of fires and fire-related casualties to around half the level of 10 years ago. Despite this we continue to look for more ways to improve the safety of people in Hampshire. We are also passionate about collaborating and working ever more closely with our partners and our communities to further enhance the safety of the county.

We believe in learning and improving and constantly look to develop what we do for our communities, as well as ensuring that we provide value for money. To achieve this improvement, we encourage feedback from our communities, staff, partner organisations, and other professionals.

We gather information from members of the public after incidents and undertake a range of audits, evaluations and assessments, both internally and by external bodies. All of these are used to assist us to understand our strengths and weaknesses and inform our strategic assessment and Safety plan.

We are proud of our past performance; however, we will not stand still and are always seeking ways to deliver Public Value.

## **Summary**

We are incredibly proud of what the Service has achieved over this last year – even with increased staff sickness – improving performance and/or returning to pre-Covid levels many areas.

Last year's Assurance Statement noted that the Service played a critical role within the Hampshire and Isle of Wight Local Resilience Forum (HIOWLRF) and its response to COVID-19 - for example, chairing the Strategic Coordination Group (SCG) and hosting the Strategic Coordination Centre at our Eastleigh Headquarters; leading work around logistics, media activity and business continuity; and delivering additional activities, such as ambulance driving, hospital ICU care, the successful establishment of Basingstoke fire station as a vaccination centre, and detached and voluntary vaccinators. This support to partners continued into 2021/22 and we supported partners through a wide range of activities, including ambulance driving, falls and cardiac arrest response, vaccinating (over 150,000+ vaccines and an estimated 200 lives saved) at Basingstoke, and ongoing pop-up clinics at stations (over 2,800 vaccines since January 2022) while maintaining their operational response capacity. We have also delivered various Year 2 Safety Plan improvements; and demonstrated strong compliance against the new national Fire Standards and National Operational Guidance.

Our support to partners has also built and strengthened relationships across and outside the HIOWLRF. One by-product of this has resulted in the Secretariat of the LRF being relocated into HIWFRS and embedded into our Resilience Team. We also have new health partners that will be working from our Service Headquarters from summer 2022.

2021/22 has been a significant year of recovery and growth after the impact of COVID-19 on our workforce and our ability to provide core services. We have seen productivity rise across a range of services. There was a significant increase (29%)

in the number of Safe and Well visits we carried out, and we have undertaken detailed risk analysis and mapping using a wide range of internal and external data to support the introduction (on 1<sup>st</sup> April 2022) of a new risk based Safe and Well programme. Excellent Protection work also continues with our High-Risk Residential Inspection, Risk Based Inspection and Local Based Inspection Programmes and we continue to exceed targets in licensing consultations, fire safety audits and building regulation consultations.

As we now emerge from the pandemic, we have seen a slight reduction to our incident volumes, but the balance of incident types has changed. Following the trend identified in the mid-year performance report of December 2021, we have seen a reduction in fires and Special Service Calls, but an increase in false alarms. However, there are early signs the cost-of-living crisis is impacting our demand, with a slight increase in domestic fires, particularly in the latter part of 2021/22 – we will continue to monitor, mitigate and manage this risk in the year ahead.

Furthermore, and as noted in the end of year performance report, we recognise that we have seen a reduction in on-call availability, increases in critical response times, and increases in fire fatalities and casualties. However:

- Our response performance is still below 8 minutes for critical incidents, remaining very strong compared to national benchmark data.
- Increases in casualties is owing to reduced lockdown restrictions, pandemic-related behaviour changes and emerging risk factors, such as post-pandemic health challenges, home-working and increased use of electrical devices, and rising energy/cost of living impacting behaviours. We will continue to monitor these closely and flow any data and insights into our ongoing strategic assessment and management of risk.
- Most casualties have slight (not severe) injuries or are treated on scene.

In addition, the Service has a wide range of assurance mechanisms in place to identify risks, areas for improvement, and good practice to disseminate. Our overall internal audit opinion was 'reasonable' (the same assurance level as last year), which is testament to our extensive focus on risk-based internal audit planning and internal audit more widely.

Our Safety Plan, covering both Hampshire and the Isle of Wight, was launched in April 2020 and sets our strategic priorities and specific in-year activity objectives to achieve our priorities over the five-year period, with the latest improvements (for Year 3 of the Safety Plan) approved by the Fire Authority in February 2022. There was, and continues to be, regular scrutiny of our progress in delivering Safety Plan improvements, with reporting internally, including to the Executive Group, and to the Fire Authority.

Finally, with the new Combined Fire Authority launched in April 2021, there has been a continued period of alignment into 2021/22. A huge amount of work has taken place to: align practices, policies, procedures and guidance; migrate systems; update equipment, and enhance our estate.

## Governance

The Hampshire and Isle of Wight Fire and Rescue Authority (the Authority) is a combined authority made up of 11 elected members who collaborate and take collective decisions across council boundaries in the delivery of the Fire Service Act 2004. Our Fire Authority is made up of 8 Hampshire County Council members, 1 Isle of Wight Council member, 1 Portsmouth City Council member and 1 Southampton City Council member. The Authority delegates responsibility for a wide range of decisions relating to operational delivery to the Chief Fire Officer (or other officers). Hampshire and Isle of Wight Fire and Rescue Service (the Service) is the name given to the operational fire and rescue service led by the Chief Fire Officer. The Service staff and officers are employed by the Authority to deliver the day-to-day operational functions.

To support this, we have a Scheme of Delegation, Contract Standing Orders and Financial Regulations combined into the Authority's Constitution. The Constitution sets out in a single place and in clear language, how the Authority works with the Service and how it makes decisions.

For more details on our Constitution, please see:

[HIWFRA-Constitution-February-2022.pdf \(hantsfire.gov.uk\)](#)

To support our Constitution, it is essential for us to have an appropriate and robust governance framework. The framework operates with clear reporting lines and streamlines decision making. It also enables us to monitor the achievement of our priorities and to consider whether they have led to the delivery of appropriate, cost effective and efficient services.

As part of the framework, we have several boards where decisions are made and performance managed. At the highest level we have the Hampshire and Isle of Wight Fire and Rescue Authority Committee meeting. This is a public meeting where all high-level decisions are discussed and made by the Authority, with the Authority supported by its Standards and Governance Committee, which includes 5 members and now meets quarterly. Before items are brought to the Authority they are first discussed by the Service in the Executive Group. This meeting is a crucial part of the governance framework and is supported by several sub-committees and group aligned to our new Directorate structure.

The details of our framework are presented in our Annual Governance Statement, which is an essential part of our financial Statement of Accounts. For more details of our Governance Statement, please see: [Information we publish - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](#)

### **Combined Fire Authority (CFA)**

Hampshire and Isle of Wight Fire and Rescue Authority was formally founded on 1<sup>st</sup> April 2021.

The combination enhances public safety, supports and enables us to make life safer across the geographical areas and work to reduce risk for members of the public. This is the main driver for the initiative, which builds upon an existing partnership which has already delivered benefits across the communities served by both authorities.

There are many benefits that the creation of a new CFA will bring organisationally, both in terms of operational delivery and for the safety of our public; and in 2021/22 those benefits have already started to be realised with, for example, significant improvement to the Isle of Wight estate and performance reporting enhancements taking place.

The new CFA has created one organisation with a single purpose, *Together we make life safer*. Local accountability of the FRS on the Isle of Wight has now transferred from the Isle of Wight Council into a larger Combined Fire Authority. This new governing body has a single focus on fire specific issues for the Isle of Wight (and the other constituent authority areas), rather than a wider range of complex public services for the Council to consider.

A single organisation with a dedicated focus on public safety is better equipped to provide efficient and effective scrutiny around decision-making on fire and rescue related matters.

The new CFA has also created greater resilience, removed duplication, enhanced capacity and ensured continuous improvement, whilst enabling a common approach consistently applied across a wider area. Such an approach offers improved learning opportunities and greater scope for the sharing of specialisms across the area. This will all support improved public safety.

The CFA Programme which oversaw the delivery of the combination had its last Programme Board meeting on May 2021, which, amongst other activity, formally reviewed a close report and reviewed lessons learned from the Programme, which have subsequently been recorded and shared. However, ongoing work continues to develop a single culture (linked to our shared values and behaviours) and to align all areas of the organisation.

## **Safety Plan**

On 1<sup>st</sup> April 2020, a new combined Safety Plan was launched following approval by the Hampshire Fire and Rescue Authority and the Isle of Wight Council.

Our plans and strategies are formed around the large amount of data we collate and analyse. We also review risk regularly, so we can work out how to best protect our communities. This then informed our Strategic Assessment (of Risk) which adds context and detail to aid our planning process.

For more details about our Strategic Assessment of Risk please see:



[Strategic Assessment of Risk 2019/20 \(hantsfire.gov.uk\)](https://hantsfire.gov.uk)

The Service has developed a new, more interactive and dynamic Strategic Assessment of Risk that is updated regularly and will be used to inform the new Community Risk Management Plan (formerly known as Integrated Risk Management Plan) when it is developed. Phase 1 of the design of the new CRMP will start later in the autumn of 2022.

Using the 2019/20 assessment, we then developed an Integrated Risk Management Plan (IRMP) in 2019/20, which identifies potential dangers that could affect communities and how we can address them. We then used the IRMP combined with the risks to our organisation to pull together our Safety Plan, following public consultation, which was launched in April 2020.

This has been available on our website since the 1<sup>st</sup> April 2020:

[Safety Plan - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://hantsfire.gov.uk)

Subsequent in-year improvement activity has been undertaken, with the latest improvements (for Year 3 of the Safety Plan – 2022/23) approved by the Fire Authority in February 2022. There was, and continues to be, regular scrutiny of our progress in delivering Safety Plan improvements, with reporting internally, including to the Executive Group, and to the Fire Authority.

### **Integrated Risk Management Plan (IRMP)**

To inform our Safety Plan, an IRMP was developed in 2019/20, with the Safety Plan publishing on 1<sup>st</sup> April 2020. The development process involved a new methodology as articulated above and followed a period of consultation with the public and our own teams, with the IRMP public consultation commencing in the autumn of 2019. This IRMP was a joint one with the Isle of Wight Fire and Rescue Service as the services had not combined at that point. That said, we were working with greater alignment in preparation for the subsequent Combined Fire Authority. This was the first joint IRMP to be produced in the country.

We have purposefully set out our IRMP to firstly explain the current landscape and risks within Hampshire and the Isle of Wight in the context of Places and People. We then explain how we plan to mitigate those risks. We call it integrated risk management planning because it brings together a range of ways that we can help make you safer from fires and other emergencies. This starts by understanding the communities we serve.

In this plan we reflect on risks in the community which could make the public susceptible to harm. We focus on people and how their individual needs can be best served. We look at these alongside broader issues in our society such as how population changes and climate affect our communities, fires and our landscape. Bringing all these risks together we then use various analytical tools to work out how many fire stations, firefighters and specialist resources (equipment and teams) we need.

We look at what work we can do to prevent fires, road traffic collisions and other emergencies by helping people adopt safer behaviours, and what we can do to make buildings safer. We consider a number of key components to support our purpose of making Hampshire and Isle of Wight safer and use the following elements to build our risk management approach:

- You, our communities: Analysis of data on age profiles, health indicators and other factors that can impact levels of vulnerability. More information on how we do this is set out in this plan.
- The environment: Buildings in which we live, work, visit and stay. The infrastructure within an area including transport arrangements and our climate and weather which create their own risks and demands on the fire and rescue services.
- Local intelligence: Our staff and teams work and live within our communities and their local knowledge, understanding and information sharing through partnerships is invaluable. Fire Authority members also share some local intelligence with the Service, where applicable.
- Community and National Risk Registers: Hampshire and Isle of Wight Fire and Rescue Service is a key agency within the Local Resilience Forum. Through that forum a community risk register is established which sets out high level risks or issues that need to be considered and planned for (including large scale events such as music festivals) to ensure our communities are prepared.
- Partners: We work closely with a wide range of partners both centrally at a strategic level and locally.
- Research: Ongoing research locally, nationally and internationally is constantly reviewed, and indeed many of our own staff undertake research, which informs our approach and understanding of risks and issues.
- Learning from each other: We constantly strive to learn from our own experiences and those of others. Lessons learned from incidents are shared nationally and internationally to inform our plans.

To view the IRMP consultation document please see:

[Integrated Risk Management Plan 2019 Consultation \(hantsfire.gov.uk\)](https://hantsfire.gov.uk)

Following the outcomes of the IRMP, we produced our Safety Plan that not only includes our priorities and commitments, but also takes consideration of our organisational risks and lists our organisational values. This Safety Plan was published on 1<sup>st</sup> April 2020.

As mentioned above, work will shortly begin to produce our new Community Risk Management Plan (CRMP). This will replace our existing plan in 2025. The plan will be produced in line with the recently approved CRMP Fire Standard (against which, as with all fire standards, we have undertaken assurance activity to ascertain our current position against the requirements of the standard). This CRMP will utilise our refreshed approach to the Strategic Assessment of Risk and use modelling to simulate potential scenarios for our future fire cover, ensuring our resources are allocated appropriately to the risks within - and around - our service boundaries.

The aforementioned new approach to the Strategic Assessment of Risk was delivered in 2021/22 and moves away from a static task and finish approach in 2019/20 to a more dynamic and live version using real time updates of data, analysis and horizon scanning. This information feeds into a system which can then generate and update live risks to be managed by the appropriate directorates and teams, as well as supporting our approach to risk management.

For more information about CRMP, please see the approved Fire Standard from the Fire Standards Board, as well as its associated guidance documents:

[Community Risk Management Planning | Fire Standards Board](#)

## **Risk Management**

Our Risk Management Policy drives a risk-based approach through directorates and teams to identify both external community and internal organisational risks.

We review the risks to our communities and undertake various responding and mitigating activities in accordance with the Fire Service Act 2004 and other associated legislation. These risks to communities, such as that of a fire or road traffic collision, are termed *Community Risk*. We also identify risks to our staff, assets, budgets, operations and change activity, which can have a significant impact on our ability to carry out our core functions and deliver our strategic objectives. This is termed *Internal Risk*.

Considering both the Community Risk and Internal Risk shapes priorities, which drive all the Organisation's activity. Risks are effectively managed by the Organisation through the implementation of various controls, examples being:

- Activities grounded in risk assessment, where service delivery decisions are supported by an evidence base
- Maintenance of risk registers
- Implementation of risk-based systems and processes, such as internal audit, impact assessments, the change management framework, organisational learning and risk evidenced business cases, policy and procedures
- Ongoing monitoring of statutory and regulatory obligations.

Where there is legislation in place for the management of specific risks, such as Occupational Health and Safety, this does not relieve the Organisation of its responsibility to comply with that legislation.

These risks are now managed through our new Risk Management tool which was launched in June 2021. All risks from organisational risks to station and team risks can now be tracked, monitored and escalated where appropriate, through this tool.

Each directorate is responsible for maintaining a Directorate Risk Register using this risk management tool. Any risks deemed to have a significant impact on the delivery of our Safety Plan priorities are escalated up into an Organisational Risk Register

which is managed by our Executive Group with progress routinely reported to the Fire Authority.

For more information on our Organisational Risk Register, please refer to Standards and Governance Committee minutes and papers, available at: [Agenda for HIWFRA Standards and Governance Committee on Tuesday, 16th November, 2021, 10.00 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#) and the latest version of the Organisational Risk Register also was discussed at the July 2022 Standards and Governance Committee, please see here: [Agenda for HIWFRA Standards and Governance Committee on Friday, 29th July, 2022, 2.00 pm | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

## **Our Communities**

We work together to understand different community needs and deliver accessible, local services which build safer places.

### **Prevent and Protect**

Our main operational aim is to prevent incidents from occurring and protect people from harm should an incident occur.

In the workplace, this is the responsibility of the business owners, however, to support businesses we deliver a High-Risk Residential Based Inspection Programme, Risk Based Inspection Programme and a Local Based Inspection Programme.

Our Risk Based Inspection Programme forms part of the Service's overall integrated approach to risk management for Protection activities, by prioritising buildings most likely to experience a fire, a potential occupant sleeping risk and those buildings most likely to have fire safety compliance issues. We use data to target these premises that have not been audited or where a premise's is due for a revisit. Revisit dates of 1, 3 or 5 years are applied to premises by the inspector dependent upon the risk and levels of compliance found following an inspection. Some premises will not require re-inspection due to the high level of compliance and the low risk found within the building.

We also understand that premises present a risk to the organisation and to those in and around non-domestic premises due to a multitude of factors, such as 'sleeping risk', the previous history of business and contact with HIWFRS on enforcement issues. This understanding of risk forms a Locally Based Inspection Programme (LBIP). These operationally significant premises can be considered as those presenting issues for Protection, Prevention or Response. They are inspected by Locally Based Inspection Teams in priority order.

Using these two targeted programmes, we are then able to support businesses by:

- telling businesses what they need to do to comply with fire safety law;
- helping businesses carry out a fire risk assessment;

- helping businesses identify the general fire precautions they need to have in place;
- challenging all or parts of a fire risk assessment where concerns are identified; and
- taking further action if all the risks are not considered.

In 2021/22, we carried out 1,351 targeted fire safety audits (an increase of 126% compared to 2020/21 owing to the impact of the pandemic on our audit activity in 2020/21) of business premises owners fire risk assessments and control measures to ensure compliance with the Fire Safety Order 2005. To ensure we maintained our inspection programme during the COVID-19 pandemic we prioritised high risk premises with particular focus on high-rise buildings and those with potentially dangerous cladding.

In addition to this, our Fire Engineering and Consultation Team reduce risk in Hampshire to occupants and firefighters by working alongside a wide group of stakeholders to contribute to building regulation consultations that are received from building control bodies locally and nationally. In 2021/22, we carried out 1,859 Business Regulation consultations, which is an increase of 51% compared to the previous year, with 97% completed within the target time frame. We also delivered 711 Licensing Consultations (up 21% versus 2020/21), with 95% completed on time.

To view more information on keeping safe at work please see:

[The workplace - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk)

To help mitigate the risk of fire in homes and the subsequent harm these can cause, our firefighters, designated Community Safety Officers, volunteers and partner agencies carry out 'Safe and Well' visits to our targeted risk groups. Recognising that our most vulnerable risk groups align with that of our partners in Health, we have tailored our traditional Home Fire Safety Check to include an intervention on slips, trips and falls as well other potential hazards that may affect our community's wellbeing. Our Safe and Well visits are primarily delivered to individuals who have been referred to us by our partners in Health, however, we also use historic incident data, demographic profiling tools and externally provided data sets to identify those who may benefit from an intervention.

The overall volume of Safe and Well visits carried out in 2021/22 increased by 29% (up to 9,247 visits) compared to the previous year. Throughout 2021/22, we also undertook detailed risk analysis and mapping using a wide range of internal and external data, and various internal communication and engagement activity, to support the introduction (on 1<sup>st</sup> April 2022) of a new risk based Safe and Well programme with Group and Station Based Activity Goals, which culminates with an overarching goal of delivering 15,717 visits in 2022/23.

Another tool in which we provide home safety advice is through the 'Safelincs' survey, available via our website: [Home Fire Safety Check - Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk). This online tool takes individuals through a series of questions to assess potential risks and provide useful

information. If an individual is assessed to be at high risk, then a Safe and Well visit will be required.

To view more information on keeping safe at home please see:

[At home - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/At-home-Hampshire-Isle-of-Wight-Fire-Rescue-Service)

We also deliver a range of interventions through our Children and Young People (CYP) Teams. These include:

- Fire education within schools;
- Princes Trust programme; and
- Range of children and young people initiatives (including fire cadets).

These initiatives seek to deliver fire safety information but also help build confidence and support wider social issues facing young people today.

We also provide interactive safety messages through our fun educational website:

[KidZone and Schools - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\).](https://www.hantsfire.gov.uk/KidZone-and-Schools-Hampshire-Isle-of-Wight-Fire-Rescue-Service)

CYP Schools Education, Cadets, Princes Trust and FireWise continued to deliver face-to-face or virtually. Our ICT capability and systems have supported the delivery of these programmes. Home learning pages within our KidZone on our website are also being kept up to date with new products for children, parents and teachers.

Additionally, our Arson Task Force lead investigations post incident to determine the cause of fires. To help secure convictions we have a full time Police Officer working within our team. This enables us to share timely information and effectively support the investigation through to its conclusion. We also have highly trained dogs who are a vital part of the investigation team and play a pivotal role in securing convictions. To prevent fire setters from reoffending we deliver a Fire Setters programme to educate offenders of the potential dangers and damage that can be caused by reckless behaviour.

To view more information on arson reduction, please see:

[Reducing risk of arson - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/Reducing-risk-of-arson-Hampshire-Isle-of-Wight-Fire-Rescue-Service)

## **Respond**

We work hard to keep our communities safe through education and safety measures. However, we accept incidents will still occur, and in the event of a call to an emergency we have effective strategies in place to respond to numerous different types of incidents. We operate from several locations including 61 strategically positioned fire stations. Our fire stations are purpose built and located in cities, towns, and villages and are close to residential, commercial and industrial areas. Our frontline resources and fire appliances are spread across these stations according to the local risk factors.



The Service's fire stations consist of:

- 5 fire stations staffed 24 hours a day by firefighters based at the station;
- 1 fire station staffed 12 hours a day by firefighters based at the station and then the other 12 hours covered by on-call firefighters who live or work within four minutes of the station and respond at the time of an incident;
- 46 fire stations with around the clock cover provided by on-call firefighters; and
- 9 fire stations with both firefighter crews based 24 hours at the station and on-call staff cover.

As well as our frontline fire appliances, we also have several specialist capabilities which assist us in dealing with a variety of different incidents. Our specialist capability teams provide us with an enhanced range of equipment, skills and knowledge for dealing with a wide range of unusual and complex incidents. They can respond to emergency incidents within our county and, as part of a national mutual assistance arrangement, anywhere in the United Kingdom. Our specialist capabilities include:

- Urban Search and Rescue Unit
- Water Rescue Units
- Animal Rescue Units
- Arson Task Force Unit
- Wildfire Units
- Environmental Units
- Marine Response Team
- Hazardous Materials and Detection, Identification and Monitoring Unit
- Water Carriers
- High Volume Pump
- Aerial Ladder Platforms
- Land Rovers

In 2021/22, we attended 3,808 fires, 9,425 non-fire emergency ('Special Service Call') incidents (such as road traffic collisions) and 8,125 false alarms. In 2021/22, we were able to maintain an average critical response time of 7 minutes and 35 seconds which is comfortably below 8 minutes. Further information on our performance is outlined in our mid-year and end-of-year performance reports to HFRA, and now HIWFRA. For example, please see here: [Agenda for Hampshire and Isle of Wight Fire and Rescue Authority on Tuesday, 14th June, 2022, 10.30 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

## **Resilience**

Emergency services are facing an increased variety of demanding situations such as that of the COVID-19 pandemic. Major incidents caused by natural disasters, industrial accidents and the threat of terror attacks are challenges that we need to prepare for at a national level. These incidents could potentially have an impact on our daily lives. For this reason, there is a need for high levels of preparedness by the emergency services and our communities, including improved ability to operate

effectively together. We hold many assets and deliver a response capability to any national incidents that may arise in support of this initiative.

To support our local communities, we are members of the Local Resilience Forum for Hampshire and the Isle of Wight. The Hampshire and Isle of Wight Local Resilience Forum comprises of local Emergency Service Responders (Police, Fire, Ambulance), Local Authorities, as well as associated businesses, organisations and voluntary sector representatives. Through the Local Resilience Forum, these organisations work together to prepare for, respond to, and recover from emergencies. For the last 5 years we have been the Community Resilience leads. This role includes:

- Strategic coordination of all Community Resilience activity in the Local Resilience Forum.
- Maintaining an overview of Community Resilience activity and expected outcomes.
- Coordinating activities and identifying Community Resilience opportunities.
- Ensuring key messages are produced by risk owners and integrated into Community Resilience interactions with individuals and communities.
- Ensuring engagement with communities is risk focused so the Forum is prioritising geographical areas or vulnerable communities by potential impact on them.

In response to the COVID-19 pandemic, we have been heavily involved in the Local Resilience Forum's multi-agency Strategic Coordination Group, which is chaired by our Chief Fire Officer, Neil Odin – with the Strategic Coordination Centre based at our headquarters. Our teams have worked within the Tactical Coordinating Groups and in several LRF cells to effectively manage, and where possible minimise, the impact of the virus on our population during these unprecedented times. This includes providing cross-agency support to ensure operational cover can be maintained and critical services resume accordingly.

Our support to partners has also built and strengthened relationships across and outside the HIOWLRF and one by-product of this has resulted in the Secretariat of the LRF being relocated into HIWFRS and embedded into our Resilience Team, we also have new health partners that will be working from Service headquarters from later in 2022.

For more information on our Local Resilience Forum, please see:

[www.hampshireprepared.co.uk](http://www.hampshireprepared.co.uk)

As well as supporting our communities prepare for widespread incidents through the Local Resilience Forum, we also have an Island Resilience Forum to focus on specific risks that can affect us and our partner agencies on the Island. Through this partnership we have a programme of work, which is achieved through engagement with all internal departments and with our partners across the Island.



For more information on the Island Resilience Forum, which we also input into, as required, please see:

<https://www.iow.gov.uk/council/OtherServices/Emergency-Management/About-the-Emergency-Management-Team>

We must also ensure we have the necessary arrangements in place to maintain our service delivery. Our Service Resilience Team provide the Contingency Planning and Business Continuity for the Service. This programme of work is achieved through engagement with all internal departments and with our partners in the Local Resilience Forum to:

- Identify and assess risk within Hampshire and the Isle of Wight.
- Identify mitigation to the risks in Hampshire and the Isle of Wight (including Community Resilience).
- Produce individual department, service wide and Multi Agency response plans
- Undertake a programme of training and exercising at Operational, Tactical and Strategic levels.

This work enables the Service to meet its mission critical activities and still respond to the communities of Hampshire and Isle of Wight during periods of disruption and high demand.

There has also been significant and ongoing focus, accelerated by the pandemic, on directorate and department business continuity planning – with plans across the Service being updated with support from the Service’s Resilience team, as well as ongoing (weekly, fortnightly and monthly – at different times) assurance reporting around business continuity.

## **Collaboration**

We work closely on a daily basis, with our blue light colleagues from other fire and rescue, police and ambulance services. We also have excellent relationships with our colleagues in Hampshire County Council, Isle of Wight Council, Southampton City Council, Portsmouth City Council, and other local authorities and agencies across Hampshire and the Isle of Wight. We believe that through collaboration we can maximise the benefits of our collective offering to the public and therefore, *Together we make life safer.*

Hampshire borders with Wiltshire, Dorset, Berkshire, Surrey and West Sussex. As incidents arise, we assist other fire and rescue services working across the border and neighbouring fire and rescue services will also assist us. There are standard agreements in place to either support the neighbouring fire and rescue service resolve an incident or to attend the incident on the other fire and rescue service’s behalf.

Furthermore, we have come together with three other fire and rescue services to form an innovative partnership that revolutionises the way the closest resource for an incident is identified and despatched. Devon & Somerset and Dorset & Wiltshire fire and rescue services joined Hampshire and Isle of Wight to form the Networked Fire

Services Partnership (NFSP), which means all of the services use the same technology in their Control centres. This allows us to be able to take 999 calls and mobilise appliances for each other, offering greater resilience and saving millions of pounds across the partnership. The integrated system allows the services to work together even more effectively, providing greater protection to the public and enhancing firefighter safety.

In addition to this, we deliver a co-responding scheme which launched in 2004 in partnership with South Central Ambulance Service. Co-responders are firefighters with training in basic life support including resuscitation and defibrillation, who attend life critical incidents such as cardiac arrest, anaphylactic shock, strokes and asthma attacks. Supporting our ambulance colleagues in this way helps to provide an immediate response to incidents across the county and relieves the pressure on ambulances. In 2021/22, we attended 4,776 medical co-responder calls with a further 525 red fleet or other medical response calls. We are the first fire service to hold clinical governance framework for our health-related work, which includes Immediate Emergency Care, Emergency Medical Response and Falls Response.

Building on our successful partnership arrangements with colleagues in Health, we also carried out a range of activities, as noted previously in this statement to support critical COVID-19 response activities.

We also seek to capitalise on our proven ability to reduce deaths and injuries in fires, by applying the same educational and experiential strengths to the road safety agenda as part of a partnership approach. We are proud to be part of the Hampshire Road Safety Partnership, made up of:

- Hampshire County Council
- Portsmouth City Council
- Southampton City Council
- Hampshire Constabulary
- Hampshire and Isle of Wight Fire and Rescue Service
- Highways England

For more details please see:

<https://www.hantsfire.gov.uk/keeping-safe/ontheroad/>

In addition to this, we also lead the Isle of Wight Road Safety, on behalf of the IWC and other partner agencies.

For more details please see:

<https://www.iow.gov.uk/Residents/fire-and-rescue-service/Road-Safety/About>

We share many of our premises across these partners but most significantly we share our headquarters with Hampshire Constabulary, and we also have new health partners that will be working from Service headquarters from later in 2022. By co-locating in this way, we hope to seek further opportunities for closer working and look to make efficiencies where possible. We also share many of our remote stations with

police and ambulance colleagues. Making use of our estates in this way helps all partners involved, to reduce premise related costs.

Hampshire and Isle of Wight Fire and Rescue Service's Human Resources, Finance and Procurement functions are delivered by Hampshire Shared Services. Shared Services also delivers services for Hampshire County Council, Hampshire Constabulary and other public sector organisations through an agreed partnership. The partnership continues to seek new members and grow its capability to increase resilience and deliver high quality services by combining expertise across a broad number of public sector services.

## **Our People**

We look after each other by creating great places to work and promoting the health, wellbeing and safety of our people.

### **People and Organisational Development (POD) Strategy**

In support of the new IRMP and subsequent Safety Plan that was launched on 1<sup>st</sup> April 2020, we developed a new People and Organisational Development Directorate which is accompanied by a new strategic framework. This strategy encompasses the following areas and has built based on feedback from our staff through various surveys:

- Inclusion and Diversity.
- Culture, Values and Behaviours.
- Health and Wellbeing.
- Workforce transformation and engagement.
- Learning and Development.
- Leadership and Management.

### **Values and Behaviours**

In addition to the launch of the new Safety Plan, we also developed a new set of Values that were published in the Safety Plan. These values were created by our workforce through a series of workshops and a staff survey to find out what matters to them. We worked with an expert partner who facilitated the sessions across both Services and a high proportion of our staff engaged in the process.

Through everyone living the agreed values across Hampshire and Isle of Wight Fire and Rescue Service, we believe there will be improved trust and leadership, and everyone will feel proud of our Service. In Hampshire and the Isle of Wight, we believe in:

- Showing respect
  - Fairness, honesty and integrity in everything we say and do
- Supporting others
  - Listening and acting with compassion and empathy

- Everyone playing their part
  - Recognising the contribution we all make
- Reaching further
  - Inspiring and challenging ourselves and others

For more information on our Values, please see our Safety Plan:

[Safety Plan - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/safety-plan)

In 2021/22, we have now launched a supporting set of behaviours that underpin our Service Values. Our behaviours are the day-to-day embodiment of our values and all of them support all four of our values. They fall into five key groups that align with the National Fire Chief Council's Code of Ethics:

- Dedicated
- Openness
- Caring
- Empowering
- Inclusive

Our values and behaviours were co-designed with our staff through extensive engagement, and are integrated in various processes, including but not limited to recruitment, promotions, and personal development review (PDR) processes.

## **Health and Safety**

We have conducted active monitoring across the Service, incorporating business as usual safety and COVID management either by MS Teams, phone or in person. Our Health and Safety team has been carrying out a range of activity to support the Service, including, but not limited to:

- making Green Book Health and Safety induction available on Moodle;
- manual handling training has been produced for, and undertaken by, Green Book staff with a wider project covering all departments that have manual handling as part their role;
- there has been a DSE/Agile training/assessment roll out of a new platform to cover all of personnel that may not just work from an office, i.e. working from home, other areas of the Service or on the move;
- Health and Safety policy and procedures has been reviewed and aligned; and
- A new Health and Safety tool is currently being implemented to further support the Service.

Furthermore, our health and safety risk assessments have been reviewed by our internal auditors who assurance rated our activity as 'Substantial' (the highest audit rating) and an independent peer review by Kent Fire and Rescue Service who provided positive feedback.

## People Performance

We strive for excellence through delivering outstanding training and support people to achieve their full potential. Developing a skilled workforce begins with recruitment, training and development programmes, leading into our Maintenance of Competence Scheme. We ensure our staff competencies are regularly assessed and core competencies such as safe working at heights, the use of breathing apparatus and applying incident command are assured at an appropriate competent level.

To ensure all our operational staff are fit to carry out their duties we undertake two fitness assessments every year. This includes an output test and either a multi-stage fitness test/bleep test or a Chester Treadmill Test.

We also monitor staff sickness through regular reporting and national benchmarking, with performance in this and other people-related areas regularly reviewed by our People and Organisational Development (POD) Directorate Board. We also monitor our operational establishment and vacancies at our Resource Management Team. This team considers all aspects of resource management and staff wellbeing to ensure teams are appropriately supported and to maximise our availability. This includes developing new and innovative ways of recruiting and maintaining on-call staff.

We believe having an inclusive, engaged workforce means better outcomes for our communities. We run various engagement activity, including with our staff network groups (FireOUT, FireREACH, FireABLE and FireINSPIRE) to understand and discuss the issues facing our staff, as well as regularly engaging – both formally and informally with representative bodies. The results of these, and other activity, help to shape our people strategy and provide our leaders with crucial insight into how we can better support and equip our teams.

The Executive Group and HIWFRA have received additional reporting and insights covering our people performance. This has included a focus on sickness, availability and health and safety data.

For more detail, please refer to our mid-year and end-of-year performance reports:

[Agenda for Hampshire and Isle of Wight Fire and Rescue Authority on Tuesday, 14th June, 2022, 10.30 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

A much wider range of people metrics, including but not limited to the following, are also regularly reviewed by our People and Organisational Development (POD) Directorate Board: the size and diversity of our workforce compared to previous years; sickness levels with an increased focus on mental health and our Employee Assistance Programme provision; fitness test performance; and qualifications and competency. We also carried out another two wellbeing surveys in 2021/22 (one shorter pulse survey and another full survey), to continually monitor the wellbeing of our staff and to see how this has changed since the 2020/21 survey. Responses to the second full wellbeing survey were encouraged by communicating to staff what had changed on the back of previous results – via a ‘You Said, We Did’ infographic.

A wider 'You Said, We Did' page on our Intranet Portal has also been developed and launched to communicate to staff what has changed in response to feedback they have provided on different service areas.

## **Public Value**

We plan over the longer-term to ensure our decisions and actions deliver efficient and effective public services.

## **Financial Management**

The Authority has an excellent track record in financial management and in staying ahead of the curve in response to a sustained period of austerity that has had a major impact on the public sector.

Medium Term Financial Planning on a mid to worst case scenario basis has enabled us to put savings plans in place that have not only successfully balanced the budgets over a period of six years but have also provided surplus resources to fund the cost of transformation and improvements in support of the Service Plan deliverables. It also includes funding arrangements for the maintenance of our vehicles, equipment and estates.

Our Medium-Term Financial Plan is regularly updated and reported to the Executive Group and the Hampshire and Isle of Wight Fire and Rescue Authority Committee. Progress reports monitor the outcomes of any income generation or cost saving improvements and are used to make appropriate adjustments to future budgets.

In addition to this, it is important that public money is used well and appropriately managed. We do this by using proper accounting practice within our own set of Financial Regulations. This means that when we plan our budget or require additional funds, there are protocols to give appropriate scrutiny on how public money is to be used and to ensure there is clear justification to do so. This includes policies and procedures in place for the prevention of fraud and corruption and a Register of Interest and a register of Gifts and Hospitality. These robust systems are used for identifying and evaluating all significant financial and operational risks to the Authority on an integrated basis.

For more details on our budget, please see our Authority report:

[Agenda for Hampshire and Isle of Wight Fire and Rescue Authority on Tuesday, 14th December, 2021, 10.30 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

## **Financial Performance**

Ensuring that funding is appropriately accounted for is vital for all public sector organisations. Our financial performance is reported to the Executive Group and the Hampshire and Isle of Wight Fire and Rescue Authority every year:

<http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=179&MId=5594&Ver=4>

Each year our financial accounts are audited by an external body. Once approved by the external auditor our Statement of Accounts is published and contains more detail regarding our expenditure. As noted earlier in this Statement, despite the challenges of the past year, the Service delivered an underspend that will be contributed to reserves to fund future change and capital investment.

For more details of our Statement of Accounts, please see: [Information we publish - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](#)

Also, the Executive Group and HIWFRA, receive additional reporting and insights covering our financial performance. These are discussed at each Directorate Board with, as another example of our robust management of finances, an additional Financial Management Team meeting, held specifically to look at one of our largest areas of spend within our Operations Directorate. Each directorate then submits quarterly finance reports for review and scrutiny within the Executive Group.

Furthermore, there is a financial overview within the HIWFRA performance report, which includes CIPFA benchmark data and other information on where we are spending our money. The 2021/22 estimated HIWFRS cost per population is £39.42, which is close to the national average and HIWFRS are 9<sup>th</sup> highest out of 22 combined fire authorities who provided data. For more detail, please see here:

[Agenda for Hampshire and Isle of Wight Fire and Rescue Authority on Tuesday, 14th June, 2022, 10.30 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

## **Transparency**

The Local Government Transparency Code 2015 is designed to ensure greater transparency of local authority data. In compliance with this code, we publish the following public data:

- Expenditure exceeding £500
- Procurement card transactions
- Procurement information:
  - Contracts register
  - Tenders
  - Local Authority Land
  - Grants to voluntary, community and social enterprise organisations
  - Organisation chart
  - Trade Union facility time
  - Senior salaries
  - Constitution
  - Pay multiple

We ensure that the publication of any data complies with the Data Protection Act 2018 and the UK General Data Protection Regulation.



For more details please see: [Transparency - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/Transparency)

We also facilitate the request for any additional information through a well-managed Freedom of Information request process. For more details on how to make a request for information please see:

[Applications under the Freedom of Information Act - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/Applications-under-the-Freedom-of-Information-Act)

## **Carbon Reduction**

The Service has historically taken a proactive approach to reducing our environmental impact, not just in response to the Government's Climate Change Act, but predominantly to protect our communities and reduce the consequences of inaction, since the Service acts as a first responder to these extreme weather events. Significant analysis and work have been undertaken in this area as part of our extensive Carbon Reduction Strategy, which updates on this and associated activity, such as electrical vehicle charge points at our sites, being reported into the HIWFRA on an exception's basis. Sustainability also forms a core part of our wider design principles, which are a set of key expectations which govern any future investment in the estate, whether it be for small refits, large-scale refurbishments or complete new builds.

A stakeholder engagement process (approximately 30 workshops across all levels of the Service) was undertaken across all key areas to identify the key themes which have informed the Design Principles.

The design principles provide a consistent approach to design ensuring our buildings:

### **1. Support core Service functionality**

- To provide the facilities required to support our service delivery and continue to make life safer for the residents of Hampshire and the Isle of Wight.
- Flexible offices to support collaborative working.
- Drop-in office space.
- Dedicated gym.
- Specialist training facilities strategically located around the county.

### **2. Enable partnerships and income generation**

- To make the most of our estate, providing spaces to enable collaborative working and deliver income to support our future financial position.
- Partner spaces - offices, storage, garaging, drop-in.



- Financially viable (site specific) income opportunities that align to our core values and community need – key worker housing, commercial/retail, pharmacy, GP surgery, library etc.

### 3. Provide a healthy and inclusive workplace

- To provide a safe and welcoming environment for all our staff and visitors.
- Clean and safe - dividing stations into zones to manage contamination risk.
- Multi-use rest and wellbeing spaces which are inclusive.
- Dedicated 'quiet spaces' also to be utilised as prayer rooms.
- Individual dormitory rooms for rest and personal space (where required).
- Support a diverse workforce – gender neutral toilets and showers.

### 4. Are physically secure

- To provide buildings which are secure and resilient to potential threats, while meeting our responsibility as a critical national infrastructure organisation.
- Dividing stations into secure zones with controlled access.
- Built to support community use with accessible, self-contained facilities for use by the public.
- Compliant with HMG Statutory Framework for physical security.

### 5. Are simple, robust and sustainable

- To use materials and technologies which offer longevity, are cost-effective, fit for purpose and energy efficient.
- Industrial finish, where possible to reduce costs.
- An efficient and practical construction form.
- Designed with energy efficiency and on-going maintenance in mind.
- Technologies embedded within the building (EV charging, digital).
- Embedded fire safety (sprinklers).

## High Performance

Our diverse teams are trusted, skilled and feel equipped to deliver a leading fire and rescue service today and into the future.

### HMICFRS Round 1 Inspection

In July 2017, Her Majesty's Inspectorate of Constabulary's (HMIC) remit was extended to include inspections of fire and rescue services in England. It is now called Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). In 2018, they began inspecting fire services. To help us prepare for and comply with the inspection we have a Service Liaison Officer who is our Organisational Assurance Manager. The Service Liaison Officer represents Hampshire and Isle of Wight Fire and Rescue Service through regular engagement with the HMICFRS representative (Service Liaison Lead) in the collation of

information and the coordination of engagement visits and producing the Inspection schedule.

In summer 2018, Hampshire and the Isle of Wight fire and rescue services were inspected separately. These were some of the first inspections HMICFRS completed. As now, the inspections looked at three overarching pillars with eleven diagnostic questions, grading services (between outstanding, good, requires improvement and inadequate) for each. Reports for both services were published in late 2018 and both services received the following grades:

- Effectiveness - good
- Efficiency - good
- People – requires improvement

The inspection identified many areas of good practice but also made several recommendations for areas that could be improved. There was one 'Cause for Concern', which was as follows:

*[Hampshire & Isle of Wight] Fire and Rescue Service doesn't do enough to be an inclusive employer. We found signs of low morale in the workforce. People have little confidence that they will be treated fairly or that senior leaders have their best interests at heart. By June 2019 the Service should:*

1. *Embed a programme to ensure that inclusion, fairness, equalities and professional development are priorities for the service;*
2. *Ensure that its recruitment activities are open and accessible to all of Hampshire's communities;*
3. *Treat employees according to their needs so they feel valued;*
4. *Ensure that each person's potential can be developed so they can perform to their very best;*
5. *Ensure that the chief officer team leads the programme, promoting the values of the organisation; and*
6. *Ensure that everyone knows how they contribute to the values.*

To see the Hampshire Fire and Rescue Service full report, please see:

<https://www.justiceinspectors.gov.uk/hmicfrs/publications/frs-assessment-2018-19-hampshire/>

...and the following link for the Isle of Wight Fire and Rescue Service:

<https://www.justiceinspectors.gov.uk/hmicfrs/frs-assessment/frs-2018/isle-of-wight/>

Following the publication of the report in December 2018, we were required to submit an action plan to address the 'Cause for Concern' by 30 June 2019. Our action plan, which focused on more than just the 'Cause for Concern', is monitored at the Executive Group and the Standards and Governance Committee on a regular basis.

There was a total of 65 actions (for Hampshire and Isle of Wight FRSs) against 21 diagnostics of the HMICFRS framework. As of March 2021, all actions had been completed.

## **COVID-19 Inspection**

In addition to the normal inspection programme, the Home Office commissioned HMICFRS to carry out an inspection of every fire and rescue service to consider their response to COVID-19. Their particular focus was on:

- What is working well and what is being learnt
- How the fire sector is responding to COVID-19
- How fire services are dealing with the problems they face
- What changes are likely as a result of the COVID-19 pandemic

The inspection was conducted entirely virtually. Our inspection took place in October 2020. There was also, however, various information we had provided to them in early September in advance of the inspection.

Given our coordinated response, Hampshire Fire and Rescue Service and Isle of Wight Fire and Rescue Service were inspected collectively. Following the completion of inspection activity, the inspectorate published a letter providing findings for every fire and rescue service alongside a national report.

The letter did not provide a graded judgement such as that provided against the normal inspection programme; but it did include various positive findings about our response to the pandemic – concluding that it was impressed by how the Service adapted and responded to the pandemic effectively to fulfil its statutory functions, protect the public and support staff wellbeing.

It also identified, amongst other positive findings, that the Service had in place up-to-date plans that were sufficient to give an initial response to the pandemic. The Service reviewed these plans as it understood more about the risks it faced. It continued to carry out Safe and Well visits and do fire safety audits (although it did fewer of both face to face). It was proactive in offering support to others. All groups of staff did additional work, especially to support the local ambulance service. The work varied based on local demand across the two service areas and meant that the people of Hampshire and Isle of Wight were better supported through the pandemic.

The inspection also concluded that resources were well managed. It found the Service responded quickly to protect staff and support their wellbeing. Staff told HMICFRS the Service communicated well with them and used technology to help reach the widest staff audiences. The Service made extra efforts to understand individual needs of staff (particularly those who are at higher risk from COVID-19) and put in place tailored support.

However, the inspection did identify three areas of focus for us, which we focused on throughout 2021/22, partly within our programme of assurance activity:

- 1. determining how we will adopt for the longer-term, the new and innovative ways of working introduced during the pandemic, to secure lasting improvements.*
- 2. making sure all wholetime firefighters are fully productive, while continuing to minimise the risk of them contracting or spreading the virus.*
- 3. evaluate how effective our extra activities have been.*

To see the full COVID-19 Inspection letter, please see:

[COVID-19 inspection: Hampshire and Isle of Wight Fire and Rescue Services - HMICFRS \(justiceinspectors.gov.uk\)](https://www.justiceinspectors.gov.uk)

## **Round 2 Inspection**

The inspection programme was briefly paused following the outbreak of COVID-19 but was re-commenced again in January 2021. Having now combined Hampshire Fire and Rescue Service with the Isle of Wight Fire and Rescue Service, the HMICFRS decided to move us from Tranche 1 to Tranche 3. This meant pre-inspection activity began in January 2022 and fieldwork three months later as part of an 8-week inspection. Pre-inspection activity involved a data return, a document return, and a self-assessment.

The inspection fieldwork for round 2 inspections has changed significantly from round 1. The most significant change is in the timetable, for which the original two-week programme has now been extended to 8 weeks with breaks between some of the weeks. This significant change was made to reduce the high-pressure burden of the inspection on services but also the inspection team. This also means that the inspection team can spend more time scrutinising each area with their diagnostic toolkits. While HMICFRS considers the same questions as Round 1, their approach is far more developed, learning lessons from their first inspections.

The findings of our round 2 inspection will be published in Winter 2022 alongside other Tranche 3 services. The Service will develop an action plan following the publication of the report, which will be developed and considered in conjunction with other activity to inform our subsequent organisational planning. The year 3 Safety Plan improvements, approved by the Fire Authority in February 2022, included the following focus to begin to implement the findings of the reviews we did in 2021/22 and our 2022 inspection by HMICFRS. For more detail please see here: [Appendix A.pdf \(hants.gov.uk\)](#)

## **Fire Standards**

As part of the reforms for fire and rescue services in England, the Fire Standards Board was created to introduce new standards to the fire sector. The intention being to help drive continual improvement across the services alongside the re-introduction

of inspection arrangements. The mission for the new Fire Standards Board is to oversee the development and maintenance of a suite of professional standards that set out “what good looks like”.

By the end 2021/22, there were 10 approved Fire Standards with many more in development. When a new Standard is being developed, we take a proactive approach by engaging with the consultation process. This gives us an early opportunity to review the proposed Standard and begin to assess our own organisation to identify any gaps. Once the Standard has been approved, we then add this to our Fire Standards Assurance tool where we are able to track appropriate actions to ensure we are compliant against the proposed Standard. This formed a core part of our assurance activity in 2021/22.

As noted in the end of year performance report, 10 national fire standards have been published, covering a wide range of areas, with a total 119 requirements (‘desirable outcomes’) underneath the 10 standards. The Service has undertaken a significant amount of assurance activity to assess our compliance with the standards, which has shown that we have ‘reasonable’ or ‘substantial’ assurance in 97% (116) of the 119 desirable outcomes.

For more information of the Fire Standards, please see:  
[Fire Standards Board](#)

## **Performance Management**

Our strategic performance is reported to the Executive Group regularly, and to the Hampshire and Isle of Wight Fire and Rescue Authority committee twice a year. These reports show our performance across a wide range of service area measures. These measures are made up of the Service-wide impacts, our response standard to critical incidents and other areas, flagged above in this statement. These measures helped us focus our change activity across all our Service Plan priority areas, and now of Safety Plan priorities.

For more information on our performance reporting, please see below:

[Agenda for Hampshire and Isle of Wight Fire and Rescue Authority on Tuesday, 14th June, 2022, 10.30 am | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

[Information we publish - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](#)

Each directorate board also scrutinises its performance regularly, through a range of data and information, much of which is visualised and integrated through a wide range of interactive PowerBI performance reports. Some of these dashboards are available for the whole Service whereas others support performance management and monitoring in particular directorates, groups or teams. There is also integrated PowerBI reporting embedded into the aforementioned, refreshed approach to our Strategic Assessment of Risk.

## Learning and Improving

We have the support of policy and guidance with the freedom to use our discretion to do the right thing, learning from ourselves and others.

### Policy, Procedure and Guidance

Our Policy, Procedure and Guidance (PPG) documents capture and define the way our organisation operates and how we provide services and functions.

They ensure our people have the necessary reference tools required to do their job with the information presented and communicated in a way which is simple and easy to use which forms a safe system of work.

- Policies:
  - Are owned by the Service and provide the overarching authority by which the organisation delivers their operations or service's.
  - They are statements of the what and the why, ensuring the Service is compliant with legislation and are non-negotiable.
- Procedures:
  - Are owned by the relevant directorate and support the policies in place.
  - They are subject to change and continuous improvement and clearly state what individual actions should be taken.
- Guidance:
  - Are owned by the relevant directorate and provide our people with help and advice on how they can complete tasks.
  - The guidance is more general and can apply to either everyday business or operational incidents.

Other types of procedure or guidance includes:

- National Operational Guidance (NOG).
- Tactical Operational Guidance (TOG).
- Standard Operating Procedures (SOP).
- Additional Hazard Information Sheets (AHIS).

### National Operational Guidance

National Operational Guidance is developed through the National Fire Chiefs Council in collaboration with each of the UK's fire and rescue services. Their aim is to provide a one-stop shop for good practice operational guidance that can be tailored to local needs. When new guidance becomes available, we assess the gaps in our own current guidance and then work to ensure that we adopt, adapt, and embed these practices in line with the National Fire Standards. Significant ongoing work and assurance activity will continue in 2022/23 in response to National Operational Guidance developments.

This is overseen by our Policy, Planning and Assurance directorate who regularly monitor our progress in policy development to ensure compliance. In addition to adopting any guidance, we also review any National Operational Learning or Joint Operational Learning to ensure we stay at the forefront of the industry. This includes making our own contributions to national learning by submitting our own operational learning to the National Operational Learning Group.

For more information please see:

[Homepage | NFCC CPO \(ukfrs.com\)](https://www.ukfrs.com)

## **Operational Assurance**

Our operational activities are supported by clearly defined policies and procedures. An Operational Assurance team work hard to capture lessons of our effectiveness and look to make improvements where possible. They do this using several key assurance mechanisms that test the performance of our operational staff but also test the effectiveness of Service policies and procedures.

One of the assurance mechanisms is Operational Assurance Assessments. This is where a Group Manager will visit a Station and run an operational exercise with the crew to assess their performance and address any areas of concern. The assessments recommenced again in April 2021 following a break due to COVID-19 preventative measures. These assessments are to ensure standards are being met and procedures being followed appropriately. These mechanisms also provide crews with an opportunity to feedback any improvements that could be made to policies and procedures. All this information is then assessed by the Operational Assurance Team and improvements made where required.

To provide assurance at incidents we use Tactical Advisors, which attend critical incidents to support our crews. The role of the Tactical Advisor is to monitor the decisions being made by the Incident Commander and provide assistance if required. We have a post incident a debrief process, which also includes any significant events that could impact on our service delivery. Feedback is gathered from all those involved and the Operational Assurance Team will analyse any trends. This information is then presented back to the individuals involved to highlight any areas of performance and to discuss potential solutions. This leads to improvement actions at a policy level as well as the identification of possible risks that may occur again should similar incidents occur in the future.

## **Service Learning**

To further support the debrief process and to widen the potential opportunity for improvements, we launched a new 'Submit Learning' application in 2019/20. This tool enables any member of staff to provide feedback at any time on several different platforms including mobile phones and mobile data terminals in appliances. This enables us to capture real time feedback but also allow people to reflect on situations and feedback at a later time. The tool has been designed to gather

feedback in other areas across the Service, such as lessons learned from project delivery or feedback on HR related investigations.

This is now supported by a Service Learning intranet page which holds key tips and lessons from all our learning. We also have here, a section for 'You said, We did', to help close the loop of actions taken in response to staff feedback.

Our Operational Assurance Team also support multi-agency exercises as part of our contingency planning and business continuity. By assessing the effectiveness of these exercises, we can identify ways of working more effectively with our partners and make the necessary plans to ensure that should a major incident occur, we are able to deal with them accordingly.

We also contribute our learning to the National Operational Learning Group. This Group provide National Operational Guidance to support a common approach across fire and rescue services. We provide our technical expertise to help shape this guidance, which is regularly reviewed and widely adopted. For more details on the National Operational Learning Group, please see: <https://www.ukfrs.com/>

## **Audit**

Hampshire and Isle of Wight Fire and Rescue Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising Hampshire and Isle of Wight Fire and Rescue Authority that these arrangements are in place and operating effectively. Our internal audits are carried out by the Southern Internal Audit Partnership (SIAP) who also assist us in the development of future audit plans.

Details of our internal audits are reported to the Executive Group and the Authority through our Standards and Governance Committee. This includes the progress of management actions resulting from observations of improvements required, which we monitor closely and report on internally – with members of the Chief Officers Group accountable for the delivery of actions. Our overall assurance rating for 2021/22 was 'Reasonable'; which is a continued improvement compared to previous years. Furthermore, we have seen an improvement in the number of open and overdue actions throughout the course of 2021/22; and continue our positive relationship with SIAP (based on a Memorandum of Understanding between HIWFRA and SIAP).

For more details please see papers submitted to the Standards and Governance Committee, available at: [Agenda for HIWFRA Standards and Governance Committee on Friday, 29th July, 2022, 2.00 pm | About the Council | Hampshire County Council \(hants.gov.uk\)](#)

## **Assurance Programme**

In 2021/22, we continued to deliver our Assurance Programme which is a series of assurance activities to ensure services are delivered effectively. To ensure



assurance activities are independent and objective, we have adopted the 'three lines of defence' model which is essential to the overall framework of control:

- The first line of defence can be described as the day-to-day management processes and controls that teams or directorates have in place, including performance management.
- The second line of defence is the governance and oversight arrangements that exist and are specified within clear and signed-off terms of reference for decision-making bodies, such as the Directorate Boards and the Executive Group and the Fire and Rescue Authority (FRA).
- The third line of defence is the independent assurance obtained from Internal Audit and third-party assurance providers, such as HMICFRS.

In respect of second line and third line assurance activity, we carry out a range of evaluations, assessments and externally led reviews that are commissioned by Service directorates to provide additional assurance in targeted areas. These reviews are based on a range of quantitative and qualitative data and include key findings, an overall conclusion, and recommendations for improvement. In 2021/22, we carried out an evaluation on the Shared Services Partnership to ensure the services we receive are delivering value for money, as well as undertaking a wide range of other assurance activity. In total, the 2021/22 assurance programme completed 12 assurance activities, such as a Building Risk Review Outcomes evaluation, self-assessment against the NFCC Workforce Maturity Models, and an external review of our People Strategy carried out by external consultant.

Individual Directorate Boards are responsible for recommendations, with overall evaluation findings and recommendations (and the response to them) discussed regularly at the Integrated Performance and Assurance Group and subsequently reported to the Executive Group.

## **Feedback**

We also encourage feedback from our communities to help us improve our performance. Any issues raised are assigned to an investigating officer who carries out a comprehensive investigation to determine the cause and recommend any remedial actions. Learning from this feedback is exceptionally important to us and reports exploring performance and data in this area are discussed at our Executive Group. For more details regarding feedback, please see:

<https://www.hantsfire.gov.uk/about-us/contact-us/get-in-touch/>

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards and Governance Committee**

Purpose: Approval

Date: **29 July 2022**

Title: **ANNUAL GOVERNANCE STATEMENT 2021/22**

Report of Chief Fire Officer

### SUMMARY

1. Hampshire and the Isle of Wight Fire and Rescue Authority (HIWFRA) is legally required to publish an Annual Governance Statement (AGS) each year. The Authority has delegated to the Standards and Governance Committee, as per its terms of reference, to consider and approve the Annual Governance Statement, and once approved the AGS will be signed by the HIWFRA Chairman and the Chief Fire Officer.
2. The approved AGS will form part of the Annual Statement of Accounts 2021/22, which is a statutory requirement of The Accounts and Audit Regulations 2015.
3. The AGS for 2021/22 is attached in **Appendix A** for consideration and approval that the governance arrangements continue to be regarded as fit for purpose in accordance with the Governance Framework.
4. The AGS is a retrospective statement of the previous financial year.

### BACKGROUND

5. Governance comprises the arrangements put in place to ensure our intended outcomes are defined and achieved. Good governance enables fire and rescue authorities to set a strategic policy agenda that meets the needs of communities and to discharge their statutory responsibilities efficiently and effectively.

6. The AGS is produced by every local authority following the principles contained within the Chartered Institute of Public Finance and Accountancy (CIPFA) publication titled *Delivering Good Governance in Local Government Framework 2016* (hereafter known as the Framework 2016).
7. The Framework 2016 brings together an underlying set of legislative requirements, governance principles and management processes. The framework recommends that local authorities review their existing governance arrangements against several key principles and report annually on their effectiveness in practice.
8. The Framework 2016 sets out the following core principles that form the basis on which effective governance should be built:
  - a) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
  - b) Ensuring openness and comprehensive stakeholder engagement
  - c) Defining outcomes in terms of sustainable economic, social and environmental benefits
  - d) Determining the interventions necessary to optimise the achievement of the intended outcomes
  - e) Developing the entity's capacity including the capability of its leadership and the individuals within it
  - f) Managing risks and performance through robust internal control and strong public financial management
  - g) Implementing good practices in transparency, reporting and audit to deliver effective accountability.
9. There is a requirement for the AGS to include an agreed action plan to deal with significant governance issues, including reference to actions taken or proposed. It should also include summary of progress of how issues raised in the previous year's AGS action plan have been resolved.
10. Guidance on the production of the AGS is produced by the CIPFA and the Society of Local Authority Executives and Senior Managers (SOLACE) in a publication titled *Delivering Good Governance in Local Government – Guidance Note for English Authorities*.

## HIWFERS GOVERNANCE ARRANGEMENTS

11. The process of producing the AGS involves reviewing the effectiveness of a wide range of controls and measures that are indicators of the effectiveness of good governance.
12. HIWFERS governance arrangements have been reviewed in accordance with the Framework 2016 and guidance note, which has enabled the AGS 2021/22 to be produced.
13. The process of preparing the AGS should itself add value to the effectiveness of the governance and internal control mechanisms. The AGS is a valuable means of communication. It enables the Authority to explain to the community, service users, taxpayers and other stakeholders, its governance arrangements and how the controls it has in place manages risks of failure in delivering its outcomes.

## ACTION PLAN

14. The AGS (as seen in Appendix A) incorporates the action plan at Section 6 of significant governance issues which will be addressed during the year 2022/23. An update on progress against actions from the year 2021/22 is detailed at Section 7.

## SUPPORTING OUR SAFETY PLAN AND PRIORITIES

15. **Public Value.** *We plan over the longer-term to ensure our decisions and actions deliver efficient and effective public services.*
  - (a) The AGS illustrates the importance we place on ensuring good governance and our commitment to improvement. Implementing good governance supports our Safety Plan and priorities by ensuring an efficient and effective process for decision making. The AGS provides clarity and visibility ensuring the needs of our communities are met alongside delivering public value.
  - (b) In reviewing our existing governance arrangements and identifying areas to be improved, HIWFERS are ensuring accountability for making Hampshire and the Isle of Wight a safer place.

## RESOURCE IMPLICATIONS

16. The AGS has no additional resource implications and is prepared at no additional cost to the Service. The work is currently carried out within existing budget and resource from the Governance and Business Support Department within the Corporate Services directorate.

## IMPACT ASSESSMENTS

17. As detailed within the AGS, the Service has impact assessment mechanisms embedded within its governance process. By identifying impacts early, we can better plan for them, act to mitigate the risk or issue, inform policy and our plans and provide crucial evidence. This ultimately provides assurance to the Service, Authority and our communities that we at all times apply due consideration of change and support informed decision making.
18. There are no specific changes as a result of this annual report, and therefore there are no positive or negative impacts to the environment or sustainability which may result due to this report. However, these mechanisms support good governance.

## LEGAL IMPLICATIONS

19. The AGS is a statutory requirement and explains how the Authority meets the requirements of The Accounts and Audit (England) Regulations 2015 and complies with the principles contained in the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework 2016 edition.
20. It is a statutory requirement for the AGS to be included within the Statement of Accounts which are to be presented to the Authority in September 2022.

## RISK ANALYSIS

21. Annual reporting ensures regular review of governance arrangements and monitors how the controls in place effectively manage the risks in delivering the organisation's outcomes. Without this regular review, the organisation may stifle innovation and learning and increase risks in delivering public value and delivery of efficient and effective services to our communities.
22. As stated, the AGS is an annual statutory requirement, and therefore if it is not approved may risk statutory non-compliance.

## EVALUATION

23. It is important that service activities are evaluated to identify what/how we can learn, understand, plan and do better for the organisation and our communities.
24. Included in the AGS is the action plan to deal with significant governance issues. Delivery against the proposed action plan in Appendix A will be undertaken across the next year and evaluated in the HIWFRA Annual Governance Statement 2022/23.

## CONCLUSION

25. The AGS is submitted to the Authority in accordance with The Accounts and Audit Regulations 2015, for approval and inclusion in the Annual Statement of Accounts 2021/22. It is recommended that Members are to acknowledge that the arrangements continue to be regarded as fit for purpose in accordance with the Framework 2016 and for the approved AGS to be included into the Annual Statement of Accounts to meet the Authority's statutory requirement. The approval of the AGS at this time will ensure the Authority meets its statutory obligations to provide the statement within the Statement of Accounts 2021/22.

## RECOMMENDATIONS

26. That the Annual Governance Statement (AGS) 2021/22 as set out in **Appendix A** be approved by the HIWFRA Standards and Governance Committee
27. That Members acknowledge that the arrangements continue to be regarded as fit for purpose in accordance with the Framework 2016.
28. That the approved AGS be included into the Annual Statement of Accounts, to meet the Authority's statutory requirement.

## APPENDIX ATTACHED

29. Annual Governance Statement 2021/22 – Appendix A

Contact: Matt Robertson, Director of Corporate Services  
[matt.robertson@hantsfire.gov.uk](mailto:matt.robertson@hantsfire.gov.uk)

Telephone: 07918 887532

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **ANNUAL GOVERNANCE STATEMENT**

**2021/2022**

**FOR**

**HAMPSHIRE & ISLE OF WIGHT FIRE AND RESCUE  
AUTHORITY**

# **Annual Governance Statement for Hampshire & Isle of Wight Fire and Rescue Authority**

## **1. Scope of responsibility**

- 1.1. Hampshire & Isle of Wight Fire and Rescue Authority (the Authority) is responsible for ensuring that:
- its business is conducted in accordance with the law and to proper standards.
  - public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
  - pursuant to the Local Government Act 1999, it secures continuous improvements in the way in which its functions are exercised, having regard to a combination of efficiency, effectiveness and economy; and
  - pursuant to the Accounts and Audit Regulations 2015, there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which include arrangements for the management of risk.
- 1.2. This Annual Governance Statement (AGS) is a retrospective statement for the previous financial year. On 1 April 2021, Hampshire and the Isle of Wight combined to create Hampshire and the Isle of Wight Fire and Rescue Authority (HIWFRA).
- 1.3. The Authority has delegated to the Standards and Governance Committee (S&GC), as per its terms of reference, to consider and approve the Annual Governance Statement, and once approved, the AGS will be signed by the HIWFRA Chairman and the Chief Fire Officer.
- 1.4. This AGS explains how the Authority meets the requirements of The Accounts and Audit (England) Regulations 2015 and complies with the principles contained in the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework 2016 edition. The AGS is also a key piece of evidence that the Authority has sought to comply with the new CIPFA Financial Management (FM) Code. The Service has undertaken an assessment of its compliance with all of the financial management standards in the FM Code and has assessed that it is compliant with the Code.
- 1.5. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.

## **2. The purpose of corporate governance**

- 2.1. Governance comprises the arrangements put in place to ensure the intended outcome of stakeholders are defined and achieved. Good governance will enable fire and rescue authorities (FRAs) to:

- set strategic policy agenda that meets the needs of communities and discharges its statutory responsibilities efficiently and effectively.
  - ensure that the policy agenda and defined outcomes are delivered on time, on budget, and to the required standard.
- 2.2. The Service's Corporate Governance Framework comprises the systems and processes, cultures and values by which the Service is directed and controlled. It enables the Authority to monitor the achievement of its priorities and to consider whether they have led to the delivery of appropriate, cost effective and efficient services.
- 2.3. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve its 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 risk to the achievement of the Authority's priorities. It evaluates the likelihood of those risks being realised and the impact should they be realised, to manage them efficiently, effectively and economically.
- 2.4. The Authority sets strategic direction, monitors, scrutinises and ensures delivery of services, whilst accountability for the achievement of the Authority's priorities sits with the Service. The Service's Corporate Governance Framework demonstrates and enables the ability to deliver its core purpose of making life safer through cohesive working and clear routes of governance.
- 2.5. The Corporate Governance Framework is designed to provide a robust governance process, streamline decision making and support efficient and effective operations for the Service. The effectiveness of the framework is evaluated throughout the year.
- 2.6. The Executive Group is chaired by the Chief Fire Officer and its purpose and responsibilities are clearly defined within its terms of reference. The Executive Group considers reports identified on the organisation's Forward Plan (a tool that supports the effective operation of the Corporate Governance Framework identifying agenda, report topics and the responsible Directors). The Forward Plan supports a robust planning and control cycle for strategic and operational plans, ensuring informed decision making and transparency of decisions being recorded.

### **3. Core principles of good governance**

#### **3.1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

3.1.1 The role of scrutiny in good governance is reflective of the decisions about the values and associated behaviours that will guide the organisation.

3.1.2 The Authority operates with 11 Members. The Police and Crime Commissioner (PCC) can attend Authority meetings and has the ability

to speak on items on the agenda. The new structure and the related arrangements have resulted in a strategic and business focus from the Authority with good Member engagement and scrutiny. The Authority is in the best position to continue to lead the Service in delivering excellent quality services to the residents of Hampshire and the Isle of Wight, whilst remaining resilient and responsive to challenges in the future.

- 3.1.3 The Authority has a Constitution, the purpose of which is to set out in a single place and in clear language how Hampshire and Isle of Wight Fire and Rescue Authority (“the Authority”) works and how it makes decisions. The Constitution sets out the roles and responsibilities of the Authority, its committees and Members. The key policies that set out the scope of responsibilities for Members and delegation to officers are detailed within the Scheme of Delegation, Contract Standing Orders and Financial Regulations. Members and officers are aware of their responsibilities within these policies.
- 3.1.4 The Authority reviews and approves minor amendments to the Constitution at their annual Authority General Meeting (AGM) and as needed throughout the year.
- 3.1.5 The Authority is committed to the highest ethical standards. A code of corporate governance is included within the Constitution, which demonstrates a comprehensive commitment on the part of the Authority to accountability, integrity, ethical values and the rule of law.
- 3.1.6 There is a system in place for any complaint received that a Member or Co-opted Member of the Authority has failed to comply with the Authority’s Code of Conduct for Members.
- 3.1.7 The Authority has a Firefighter’s Pension Board. The role of the Board is to:
- assist HIWFRA as the administering authority of the Hampshire and Isle of Wight Firefighter’s Pension Scheme (FFPS)
  - secure compliance with the Firefighter’s Pension Scheme Regulations and any other legislation relating to the governance and administration of the FFPS
  - secure compliance with requirements imposed in relation to the FFPS by the Pensions Regulator
  - ensure the effective and efficient governance and administration of the HIWFFPS by the Authority
  - consider how discretionary and other pension related issues are being addressed from an operational viewpoint
  - present an annual report to the Authority on the exercise of its functions.
- 3.1.8 The Authority publishes an annual Modern Slavery Statement which sets out the steps that are being taking to prevent modern slavery

throughout the Authority and in its supply chains. The statement is set out to include key information to demonstrate its commitment to tackle modern slavery.

- 3.1.9 The Service has four values (Supporting Others, Showing Respect, Everyone Playing Their Part, and Reaching Further) which are integral to everything we do. These values are underpinned by five behaviours (Dedicated, Openness, Caring, Empowering and Inclusive) which align to the Fire Standard Code of Ethics. These are embedded in the organisation's recruitment and promotion processes, personal development review discussions, and staff recognition scheme.
- 3.1.10 Furthermore, these values are underpinned by a range of policies and procedures including the Member's Code of Conduct, the registers of interests and disclosure of pecuniary interests, gifts and hospitality and protocol for Member and officer relations which are all included within the Constitution.
- 3.1.11 The Fire Standard Code of Ethics, published in May 2021 by the Fire Standards Board has been adopted and aligns to the organisation's values and behaviours. This ensures the organisation's policies, procedures and decision making reflect the ethical behaviour expected from the workforce. The Authority holds the Chief Fire Officer to account for the implementation of the code at a local level, and both the Deputy Chief Fire Officer and Director of People and Organisational Development are responsible for promoting the Core Code throughout the Service and ensuring that all those who work for, or on behalf of the Service understand its contents and what is expected of them.
- 3.1.12 Staff are required to comply with the Staff Code of Conduct which includes the requirement for them to declare interests and register the offer and acceptance of gifts and hospitality.
- 3.1.13 Whistleblowing, Bullying and harassment, Grievance, Anti-theft, fraud, bribery and corruption, and Complaint procedures are in place, enabling staff and members of the public to raise issues if they believe that appropriate standards have not been met.
- 3.1.14 Senior Management have the relevant professional external networks and expertise to identify the impacts of new legislation, and legal advice is also provided to ensure the Authority continues to comply with legislation and regulations. The statutory roles of Chief Fire Officer, Monitoring Officer and Chief Financial Officer are set out to provide robust assurance and ensure that expenditure and decisions are lawful.
- 3.1.15 Within the Corporate Governance Framework to underpin the Executive Group, there are four Directorate Boards to oversee key areas: the Policy, Planning and Assurance Board, the Operations Management Board, the People and Organisational Development Board, and the Corporate Services Management Board. These boards provide cohesive working, clear routes of governance and extra

scrutiny on behalf of the Executive Group. The Directorate Boards review their terms of reference regularly, with the support of the Governance Team. Furthermore, these Directorate Boards are supported by other forums and Groups, such as the Integrated Performance and Assurance Group (IPAG) and Operations Financial Management Team (FMT), to support good governance across the Service.

- 3.1.16 The creation of a Corporate Governance Procedure with an Officer Scheme of Authorisation strengthens the robust decision making processes already in place. It has also provided clarity on decision making for officers and illustrates where the Constitution's Scheme of Delegation links with the Officer Scheme of Authorisation. During 2021-2022, the Service welcomed a new Deputy Chief Fire Officer which resulted in amendments to the Governance Framework. These amendments ensure continued openness, transparency, accountability and clarity.
- 3.1.17 A policy, procedure and guidance (PPG) framework has been implemented across the organisation. The PPG are documents that capture and define the way the organisation operates and how it delivers its services and functions. The framework establishes how to manage those documents in a robust and sustainable way. The PPG framework includes Authority owned Policies.

## **3.2 Ensuring openness and comprehensive stakeholder engagement.**

- 3.2.1 The role of scrutiny in good governance is reflective of the decisions on how the organisation demonstrates openness and engages with stakeholders.
- 3.2.2 The Authority approved the Hampshire and Isle of Wight Safety Plan 2020-2025 in February 2020. Since Hampshire and the Isle of Wight combined, the Plan is fully aligned. As outlined in the paper on Year 3 Safety Plan improvements that went to the Authority for approval in February 2022, the Service is already preparing for a Community Risk Management Plan (CRMP) beyond that date.
- 3.2.3 The Safety Plan incorporates the Integrated Risk Management Plan (IRMP) requirement and the annual Service Plan into a single document. The Safety Plan 2020-2025 is a live document which is updated annually. This approach to managing risk in our communities will ensure the organisation is able to report on how effective its risk reduction activities are. The Safety Plan is on the website and available to stakeholders electronically and in paper format (upon request).
- 3.2.4 The Authority operates in an open and transparent way. It complies with The Openness of Local Government Bodies Regulations 2014. The Authority's meetings are open to the public, and its papers and decisions are available through the website (save for individual items of a sensitive nature properly considered in confidential session). In

addition, Authority meetings are live streamed, and the recording published to enable staff and the public better access to view decision making.

- 3.2.5 During the Coronavirus pandemic, local government temporarily removed the legal requirement for local authorities to hold public meetings in person. A change was made to the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel meetings) (England and Wales) Regulations 2020. This gave the ability to hold meetings virtually using video and telephone conferencing technology up until May 2021. HIWFRA meetings continued to be open and transparent and took full advantage of the technology available to continue with its obligations. Since that time, the Authority has reverted to physical meetings in line with legislation.
- 3.2.6 Clear guidance and protocols on decision making, templates for reports and effective arrangements for the approval of exempt reports ensures that the Authority takes decisions in public when appropriate and after full consideration of relevant information.
- 3.2.7 The Authority, through the Service, enjoys a constructive relationship with the trade unions and associations representing staff groups across the organisation, through which meaningful consultation and negotiation on Service issues takes place. The Service regularly monitors Trades Union Facilities Time and publishes information in line with reporting requirements for public sector organisations outlines in The Trade Union (Facility Time Publication Requirements) Regulations 2017.
- 3.2.8 Public consultation to listen to stakeholders and inform decision making is undertaken where required and expected. Extensive consultation was undertaken during the Authority's Risk Review and creation of the Safety Plan. The consultation process enables our staff, the public and other stakeholders to have their say on how their fire and rescue service should operate in the future.
- 3.2.9 Extensive consultation was also undertaken for the proposed creation of a Combined Fire Authority (CFA). The consultation enabled our staff, the public and other stakeholders to have their say on how their fire and rescue authority should operate in the future. These processes were quality assessed by the Consultation Institute and found to have conformed to best practice.
- 3.2.10 The Authority has a long history of collaborative working with partner agencies. In particular, with Hampshire County Council as part of the Shared Services Partnership and blue light collaboration with South Central Ambulance Service (SCAS) and Hampshire Constabulary which continues as business as usual. The COVID-19 pandemic has really demonstrated the need for collaboration, all working together towards the same goal. The Service has continued to work closely with

the Local Resilience Forum (LRF), Local Authorities and the National Health Service (NHS) as well as our blue light partners, to ensure good governance and robust frameworks in the collaborative environment. The Authority receives an annual report which explains the collaborative work that has taken place and demonstrates how we are effectively complying with the Policing and Crime Act 2017 and the Fire and Rescue Services National Framework.

### **3.3 Defining outcomes in terms of sustainable economic, social and environmental benefits.**

- 3.3.1 The role of scrutiny in good governance is reflective of the decisions on outcomes to be achieved.
- 3.3.2 Delivery of fire and rescue services and the associated community safety activity remains the Authority's core activity.
- 3.3.3 In February 2020, the Authority approved the Hampshire and Isle of Wight Safety Plan 2020-2025. It sets out our five-year strategy that establishes a long-term approach to achieving our purpose of 'Together We Make Life Safer' and to ensure we constantly provide a service to our communities that makes life safer and that our staff are proud to deliver.
- 3.3.4 The Safety Plan sets out our approach, and that we are keen to consider how we make life safer and have therefore taken a wider view of risk and safety in our approach.
- 3.3.5 Year two of the Safety Plan has now been completed. Performance against the priorities is measured and reported to the Authority in mid-year and end of year performance reports, with the latest performance report submitted to the Authority in June 2022, alongside the Safety Plan progress report.
- 3.3.6 Our ongoing and live strategic assessment of risk provides the understanding for us to set out our services and priorities to manage, control and mitigate that risk. We also consider the learning from significant events locally, regionally, nationally and internationally to inform our planning. Whilst also, gaining information about best practice from inspections by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), as well as from other internal and external assurance activity, which is outlined in our assurance procedure and the associated annual assurance programme.
- 3.3.7 Our Safety Plan is underpinned by our strategic assessment of risk, which is a detailed and constantly updated analysis, developed by:
- Identifying risk
  - Assessing the risk
  - Prioritising the risk



- Mitigating the risk
  - Reviewing the risk.
- 3.3.8 To achieve our purpose, we must fully understand the risks that our communities face. By engaging with those most affected by the risks identified, we can create the most effective services to protect them. On this basis we have developed five priorities that we are committed to for the life of the Safety Plan:
- Our communities
  - Our people
  - Public value
  - High performance
  - Learning and improving
- 3.3.9 These focus our resources to the relevant community risks, environmental risks and economic risks, as well as other risk identified through an ongoing PESTELO analysis that forms part of our live strategic assessment of risk. It also provides focus on organisational improvements to support our service delivery to ensure that we are efficient and effective. We must constantly reassess our communities to make sure our assessment of risk is still accurate.
- 3.3.10 The Safety Plan is underpinned by detailed Directorate plans and our Service change portfolio of projects and programmes which is monitored through the Policy, Planning Assurance Board and its Integrated Performance and Assurance Group (IPAG). Progress against these plans is monitored through regular performance updates to assess the deliverables reporting to the Executive Group and the Authority on an exceptions basis when required.
- 3.3.11 The Directorate Plans provide the link from the Safety Plan through to an individual's objectives and goals and enables everyone to see how the work they do contributes to the bigger picture and the Safety Plan.
- 3.3.12 People Impact Assessments (PIAs) are used to identify any significant impact on people and those who share a characteristic which is protected under equality law. Impact Assessments also identify any environmental, economic and legislative risks. Impact Assessments are carried out prior to implementing a policy, procedure, change or decision with a view to ascertaining its potential impact. Impact Assessments are also carried out during formal report writing to identify any impact on the recommendations within reports. with a screening tool developed to help our people understand when supplementary (Stage 2) impact assessments are required
- 3.3.13 The Service's Change Management Framework and its supporting procedure has a core focus on the outcomes and benefits achieved by projects and programmes (change activity) – with these being

considered throughout the lifecycle of change activity. In 2021, the Change Management Framework was independently audited by our internal auditors who concluded it provided ‘substantial’ assurance with: *“A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.”*

- 3.3.14 The Service uses internal audit and our risk-based internal audit plan as a core part of our annual assurance programme, as a ‘third line of defence’. There is regularly reporting into the Standards & Governance Committee on progress of any audit management actions (recommendations), with extensive internal reporting and monitoring as well – including into Executive Group, Directorate Boards and the Integrated Performance and Assurance Group (IPAG)
- 3.3.15 Furthermore, a Service Learning Tool (capturing all organisational learning, including from, but not limited to, operational incidents; prevention and protection activity; projects, programmes and change activity; and wider staff feedback) is now in place with further work planned to communicate to our staff more widely on action taken in response to their feedback – via a “You Said, We Did” page on our intranet.
- 3.3.16 Since taking the advantage of technology for holding remote meetings, many internal Service meetings and those Member, officer meetings that are not public, such as Chairman’s Briefings and the Authority Policy Advisory Group continue to be held remotely in order to save Member and officer time, travel and carbon emissions.

### **3.4 Determining the interventions necessary to optimise the achievement of the intended outcomes.**

- 3.4.1 The role of scrutiny in good governance is reflective of the decisions on interventions/services necessary to achieve the outcomes.
- 3.4.2 There are clear guidance and protocols for decision making. The involvement of legal and finance officers in all significant decisions of the Authority ensures that decisions are only made after relevant options have been weighed and associated risks assessed.
- 3.4.3 The budget setting process is well established and prioritises budgets and spending to achieve intended outcomes. Budget setting and medium term financial planning follow seven financial principles adopted by the Authority:
- A corporate approach will be taken to the development of budgets and savings programmes
  - Savings delivery will be planned so that savings are delivered at the optimum time to balance the budget

- Financial planning assumptions will be realistic and prudent and will take account of pay and price inflation
- One-off and recurring growth will be limited
- Revenue contributions to reserves for capital investment, IT and other equipment replacement will be maintained
- The revenue budget and capital investment will be aligned with strategic priorities and risks
- Reductions in planned revenue contributions will be used as a last resort to balance the budget.

3.4.4 The Authority prepares its revenue budget on an annual basis, supported by periodic updates to its Medium Term Financial Plan and annual updates to its multi-year capital programme. This is supported by the Authority's Reserves Strategy, Treasury Management Strategy, and Capital and Investment Strategy. Financial resources are focused to deliver the Authority's aims and priorities over the short and medium term.

3.4.5 Risks associated with the delivery of Directorate plans and the Safety Plan are detailed in project, department and directorate risk registers and are escalated to the Organisational Risk Register when necessary. The risk registers evaluate the effectiveness of existing control measures as well as identifying proposed mitigation.

3.4.6 The Organisational Risk Register is in place to identify current operational and organisational risks that could affect delivery of the Service. The Organisational Risk Register is monitored by the Executive Group regularly and all Directorates maintain a Directorate Risk Register which feeds into the Organisational Risk Register should risks need escalating. The Authority regularly monitors the Organisational Risk Register through formal reporting. To ensure risks are captured efficiently and well managed with effective control measures, a Risk Management System has been implemented throughout the Service since April 2021. This system effectively manages risks in all of the risk registers in one place. It ensures the Authority determines relevant risks to delivery of the Safety Plan and has effective control mechanisms in place.

3.4.7 As a category 1 responder, the Service has played a key role in responding to the COVID-19 pandemic, both as an emergency service and as part of the Local Resilience Forum (LRF) command structure. This has included supporting other agencies to achieve their own outcomes during the crisis and working collaboratively.

### **3.5 Developing the entity's capacity including the capability of its leadership and the individuals within it.**

3.5.1 The role of scrutiny in good governance is reflective of the decisions to ensure that the organisation has the human and financial resources it needs.

- 3.5.2 The relationship between Members and officers is established on a professional culture of mutual respect, trust and cooperation. Within the Constitution, the Member officer Protocol is included providing clarification around the two roles.
- 3.5.3 The role of scrutiny by Members to holding officers to account is central to exercising effective governance. Members provide constructive challenge to officers, it is this 'critical friendships' that tests the reliability and consistency of advice, information and quality decision making.
- 3.5.4 The Authority holds pre-authority meetings which supports awareness and preparations. Effective questioning is a crucial component of constructive challenge offered by 'critical friends' and achieved through combination of good preparation, knowing which questions to ask and when to ask them; pre-meetings are helpful to determine how the meetings will be conducted.
- 3.5.5 A Member's Champion scheme is operated in support of an effective and professional relationship between Members and officers in which both understand each other's role. Officers engage proactively to provide information and in support of scrutiny activity, using their professional expertise to help Members better understand the context within which the organisation is operating and make robust judgements about performance. The current focus areas for Member Champions are Governance, Effectiveness & Performance, People, Community Safety and Carbon reduction.
- 3.5.6 The Authority has appointed substitute Members to its two standing committees. This means that any potential attendance and representation issues are addressed. These formal appointments ensure that appropriate governance is in place to ensure lawful decision making when substitute members attend meetings.
- 3.5.7 Members receive copies of key internal staff communications.
- 3.5.8 Members' knowledge and understanding is developed through the delivery of an induction programme and periodic training and awareness sessions. Both Members and officers enjoy Local Government Association (LGA) membership that entitles them to attendance at training and conferences, targeted at raising awareness of national themes and in development of their leadership and scrutiny roles.
- 3.5.9 Members attend the Authority Policy Advisory Group (APAG) meetings which are delivered during the year. The meetings are chaired by the Chief Fire Officer and facilitate the two-way exchange and update of information between Members and officers. It is a forum providing the opportunity for Members and officers to informally discuss and shape policy. The Group receives updates on matters of interest and considers the future strategic direction of the Authority and Service business.

- 3.5.10 To ensure capability of leadership, the Executive Group have been enrolled on to the Institute of Directors (IOD) Certificate in Company Direction, with professional membership to the IOD included. The leadership training ensures professionalism of the Executive Group, governance and leadership, imparting wider benefits of resilience and skills to the Service.
- 3.5.11 The Authority, its committees and the Chief Fire Officer have access to a full range of professional advisers to enable them to carry out their functions effectively and in compliance with statutory requirements. Some legal and democratic services are provided through service level agreements with Hampshire County Council (HCC). The shared service partnership with HCC and Hampshire Constabulary provides a wide pool of professional advice for areas such as human resources, finance and procurement.
- 3.5.12 The development of our People and Organisational Development Directorate (POD) has created a Learning and Development function under the same leadership, which delivers operational training including incident command, leadership and management as well as commissioning technical and professional development provision such as health and safety qualifications and apprenticeship programmes.
- 3.5.13 Our POD Directorate plan identifies leadership and management development as a strategic priority. Delivery of leadership and management training to supervisory and middle managers across the organisation has progressed virtually and will also be delivered in person when appropriate to do so. The content our leadership and management training align with the National Fire Chiefs Council (NFCC) Leadership Framework and the Fire Standards Code of Ethics, as well as our own Service Values.
- 3.5.14 We use insights from our wellbeing survey, internal and external data analysis, HMICFRS inspections, internal audits and peer reviews alongside feedback from our staff network groups and management forums to inform our POD Directorate plan. This seeks to make our organisation a great place to work for everyone whilst delivering excellent services to our communities through a professional, well equipped and agile workforce.
- 3.5.15 Our priorities are captured within the Safety Plan and include the importance that our staff at all levels are skilled and feel equipped to undertake their responsibilities. We align the skills and capabilities of our teams to ensure they can perform at the highest levels, based on our priorities. Our Leadership Development Framework supports the growth of our staff in their capacities as both leaders and managers.
- 3.5.16 It is vital that we have the right people in the right roles to be effective. We must focus on our recruitment to find and retain talented people who embody the values we feel are central to representing our organisation. Embedding our values throughout our recruitment

processes continues to help us to build a great working environment of which our workforce will be proud.

3.5.17 HIWFRS regularly reviews the shape of its workforce against the context of its capacity and capability requirements to meet the needs of communities. This then informs a range of strategies such as recruitment, retention and people development in order to provide effective leadership and deploy appropriate resources to meet the needs of the service.

3.5.18 HIWFRS is developing a culture of on-going coaching style conversations which focus upon high performance in all aspects of our work. Staff take personal responsibility for their own performance and how this contributes to the overall performance of their team. They are encouraged to use the range of learning opportunities that are available across the organisation.

3.5.19 The Service is committed to driving high performance by unlocking the potential of all employees. There is a revised Personal Development Review (PDR) system, with personal goals and objectives to link back to the objectives within directorate plans, priorities within the Safety Plan and behaviours linked to the organisational values. This focus on performance will ensure we deliver the best possible service to the communities we serve.

### **3.6 Managing risks and performance through robust internal control and strong public financial management.**

3.6.1 The role of scrutiny in good governance is reflective of the decisions regarding the adequacy of progress and associated risk management arrangements.

3.6.2 The Authority operates a risk management methodology following the Risk Management Policy, with oversight of the arrangements provided by the Policy, Planning and Assurance Board, which reports to the Executive Group. To ensure the most effective management of risks across the Authority and to ensure continued delivery of the Safety Plan priorities, a new risk management system was introduced to the Service on 1 April 2021.

3.6.3 Performance management is in place to measure progress against aims and priorities to prompt remedial action where appropriate. The Policy, Planning and Assurance Board provides scrutiny of the performance management process as do the other Directorate Boards. The Directorate Boards are supported by other forums and Groups, such as the Integrated Performance and Assurance Group (IPAG) and Operations Performance Board to support good performance management and scrutiny across the Service.

- 3.6.4 The Executive Group reviews key performance indicators (KPIs) on a regular basis and the Chief Fire Officer holds Directors to account for performance of their areas across the organisation.
- 3.6.5 The Authority has a framework for regularly monitoring its performance with timely and relevant information. The Authority holds the Chief Fire Officer to account and receives regular performance reports at its public meetings.
- 3.6.6 The internal management structure operates under a structure that promotes improved efficiency, effectiveness and improvement of its ability to make communities safer.
- 3.6.7 We compare our performance to that of other fire and rescue services; for example, we make use of national benchmarking information. This continues to show that we are performing well when compared with other similar fire and rescue services.
- 3.6.8 The Internal Audit Plan was developed to operate at a strategic level, providing a value-adding and proportionate level of assurance aligned to the Authority's key risks and priorities. This includes a regular review of the organisation's risk management processes.
- 3.6.9 The Internal Audit Plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an Anti-Theft, Fraud, Corruption and Bribery Policy. The Service's approach is to identify areas that could present greatest risk or where managers have identified indicators that improvement is needed.
- 3.6.10 The delivery of the resulting Internal Audit Plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Authority, and later published within the Annual Statement of Accounts in compliance with statute.
- 3.6.11 The Authority's Standards and Governance Committee (S&GC) has a clear terms of reference, to provide an effective source of scrutiny, challenge, and assurance regarding the arrangements for managing risk and maintaining an effective control environment. The S&GC considers the delivery and outcomes of the Internal Audit Plan, along with scrutinising the Service's performance in delivering against agreed actions.
- 3.6.12 The Authority has strong financial management arrangements at both the strategic and operational level and consistently obtains unqualified opinions for its annual accounts and value for money assessments. The Section 151 Officer is the Chief Financial Officer and all formal significant financial decision making has the benefit of advice and review from this officer or the wider finance team.

- 3.6.13 Financial management in key risk areas across the organisation, focusses on activity and performance management alongside the budget management processes. The Financial Management Framework throughout the organisation is appropriately advised and supported by the finance team. Training is provided to new budget managers to enable them to effectively use the suite of financial reports made available through the shared services portal and to ensure roles and responsibilities are understood. This is supported by access to online guidance and advice from the finance team in addition to bespoke workshops on specific aspects of financial management when required.
- 3.6.14 The Authority updated its Medium-Term Financial Plan (MTFP) when setting its budget for 2022/23. The MTFP covers the three-year period to 2024/25, however the single year Local Government Finance Settlement for 2022/23 means there is increased uncertainty when planning for the second and third years of this period. This is in addition to the uncertainty created by the current economic climate, particularly the ongoing impact of inflation. The risks associated with this uncertainty are mitigated by the use of prudent financial assumptions within the MTFP and the contingencies built into the budget. Further mitigation comes from the level of reserves held by the Authority and the contributions to reserves that continue to be built into the base budget. The MTFP and in-year financial position are monitored by our Executive Group and are regularly formally reported to the Authority at its public meetings.
- 3.6.15 Financial planning and management are fully integrated with, and driven by, the corporate planning and monitoring processes set out above. This includes processes for the forward planning of expenditure, consultation on budget proposals, setting and monitoring income and budgets, and the completion of final accounts. The Treasury Management Strategy is reviewed regularly and approved by the Authority annually with the budget. The Authority also sets out its Capital and Investment Strategy and Reserves Strategy as part of its budget setting process, both of which are important parts of the Authority's overall financial management.
- 3.6.16 The new Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management (FM) Code was formally adopted across local government from the 2021/22 financial year. The FM Code sets out the six principles of good financial management, which it then translates into a list of financial management standards which local authorities should test their conformity against. The Service has undertaken an assessment of its compliance with all the financial management standards in the Code. Based on this, the Authority has ascertained that it is compliant with the Code. Although compliant, the Executive Group has discussed opportunities to further enhance the Authority's financial management and will continue to actively do so as opportunities arise.



### **3.7 Implementing good practices in transparency reporting and audit to deliver effective accountability.**

- 3.7.1 The role of scrutiny in good governance is reflective of the decisions on what will be reported to the public in order to ensure transparency and practice accountability.
- 3.7.2 The Authority meetings are open to the public and reports are written in an understandable style appropriate to the audience and published on the website ensuring that they are easy to access and interrogate. Authority meetings remained open to the public during the Coronavirus Pandemic, ensuring transparency and accountability.
- 3.7.3 The Authority publishes data in line with the Local Government Transparency Code 2015 to provide open data sources ensuring transparency and accountability.
- 3.7.4 We use social media to demonstrate and highlight our response to incidents to the public, as well as raise awareness of safety messages, calls to actions and fire and rescue service campaigns.
- 3.7.5 Members provide performance oversight and bring a mixture of experience and expertise from their professional backgrounds as well as their time in politics. It is also important to have access to requisite knowledge regarding the subject matter, so Members are supported by officers for any knowledge needs. It is also necessary to co-opt independent expertise to support scrutiny so that constructive challenges are taking place from well-informed positions.
- 3.7.6 The 'Internal Audit Charter' is presented annually for approval by the S&GC. The purpose of the Internal Audit Charter is to formally define its purpose, authority, and responsibility. The Chief Internal Auditor has direct access to elected Members of the Authority and those who serve on the S&GC.
- 3.7.7 The on-going work of Internal Audit is presented routinely through the progress reports to the S&GC, providing an overview of Service performance. It considers delivery against the plan and the progress made by the Service in the implementation of management actions that have been agreed to mitigate risks identified through internal audit work.
- 3.7.8 Where appropriate, Internal Audit will gain assurances from third parties to contribute to their overall assurance opinion.
- 3.7.9 Representatives of External Audit routinely attend S&GC meetings and present external audit reports. Any recommendations for corrective action detailed within internal or external audit reports are highlighted to Members.

- 3.7.10 Financial reporting complies with relevant statute, codes and good practice guidance. Financial and performance information are reported consistently throughout the year. Where relevant and appropriate, performance comparisons are made to other organisations.
- 3.7.11 The Authority has a community interest company, 3SFire. The company operates under the governance of a Board of Directors and the 3SFire CIC Stakeholder Committee. The 3SFire CIC Stakeholder Committee ensure appropriate controls and scrutiny are in place for the trading company. To ensure and maintain separation of the Service and 3SFire CIC, which are separate legal entities, the internal governance of reports and performance is monitored by the Company Board and is reported to the Authority at its public committee meetings twice yearly, or as needed. 3SFire CIC are bound by the Regulator of Community Interest Companies (CIC) which requires full compliance with the regulation in order to operate.
- 3.7.12 Our Pay Policy Statement is approved annually by the Authority and published on the Service's website.
- 3.7.13 Governance of our internal safeguarding arrangements are provided through various safeguarding audit activity work which is generated from both the local Adults Safeguarding Boards and the Local Children's Safeguarding Partnership.
- 3.7.14 The implementation of an Officer Scheme of Authorisation as part of the Corporate Governance Framework has provided the ability to ensure effective accountability of officers

#### **4. Obtain assurances on the effectiveness of key controls.**

- 4.1 Key controls relating to risks, internal control (including financial management) and governance processes are identified by senior managers as part of the governance framework.
- 4.2 Senior managers complete the annual Certificate of Assurance which is a self-assessment and declaration that they and their teams are familiar and operate within policy and internal control mechanisms.
- 4.3 The Authority receives an Annual Assurance Statement which is published on the website. The Annual Assurance Statement provides an accessible way in which communities, local authorities and other partners may make a valid assessment of their local fire and rescue authority's management of performance and key controls on financial, governance and operational matters and show how they have due regard to the expectations set out in the IRMP.
- 4.4 Risks are managed as determined by the Risk Management Policy and progress monitored through risk registers.
- 4.5 Internal Audit, as part of its planned review of internal controls, regularly evaluates the key controls to determine their adequacy and carries out tests to

confirm the level of compliance. An audit opinion on effectiveness is provided to management and any actions for improvement to be agreed.

- 4.6 The Authority prides itself on being a professional learning organisation that actively seeks challenge and review.
- 4.7 Following the COVID-19 inspection of 2020, which concluded they were impressed by how the service adapted and responded to the pandemic effectively to fulfil its statutory functions, protect the public and support staff wellbeing, we have continued and expanded work with partners as part of our pandemic response and we have also taken action in the three areas of focus that HMICFRS identified in that inspection.
- 4.8 More specifically, there has been extensive work on hybrid working to ensure it is possible at HQ and stations, with staff recording site attendance via an App; as well as a wide range of work to ensure sites can support vaccination efforts, most significantly in Basingstoke fire station as a vaccination centre that delivered over 150,000 vaccinations (saving approximately 200 lives) and various pop-up vaccination clinics. Finally, various critical estates work, aligned to the design principles has continued despite COVID-19.
- 4.9 Our ICT environment has been critical to the maintenance of critical services and business and usual activity, with the use of Teams well-established and crucial, as has been the provision of necessary IT, IT security and two-factor authentication, DSE and other equipment to staff to support homeworking. This has led to positive impacts to the environment, e.g., with reduced commuting time, reduced costs to some staff and the Service (e.g., reduced use of Pool cars and reduced travel and subsistence).
- 4.10 There has also been a significant focus on staff wellbeing, such as sessions on nutrition, rest, and recovery (supported by survey insights and communications), which have been delivered differently and been well-received. There is also an ongoing focus on business continuity and degradation planning across all departments, which goes wider than COVID-19 but has been accelerated by it.
- 4.11 Wide ranging and ongoing support to partners, e.g., in terms of people (extracted and voluntary vaccinators, mortuary drivers, and extracted ambulance driver support in the first wave), and IT and estates (e.g., to support vaccination efforts); as well as significant support in and around the Hampshire & Isle of Wight Local Resilience Forum. COVID-19 has strengthened our relationships with partners and means we are well-placed to further develop our strategic relationship with health, for example, through our ongoing Health Partnerships project and current support to health partners on mass vaccination, ambulance driving, cardiac arrest and falls response.
- 4.12 The pandemic changed our incident profile by reducing and changing the number of incidents we attended, and the first wave impacted our fire safety audit and safe and well visit activity. However, throughout the pandemic we have maintained our core statutory functions, while also supporting partners on a voluntary basis. With the fluctuating restrictions, we have developed

degradation plans that ensure the maintenance of critical activity, whilst protecting both our staff and the public. We also have well-established governance to coordinate our response and recovery activity; interrogate our sickness, availability, and resourcing levels; and ensure robust control measures have been in place. Our health and safety approach has also been peer reviewed and audited, with positive conclusions.

- 4.13 Throughout the pandemic we have kept a lessons log both locally and collectively with our Local Resilience Forum. Additionally, ongoing conversations are taking place through our Health Partnerships project to incorporate some of these supporting activities into our business-as-usual resilience plans with Health colleagues. This project will track and monitor benefits. Reviews and lessons learned were also captured from the additional activities we have already undertaken to support partners.
- 4.14 In June 2021, the HMICFRS published a letter outlining our comprehensive response to their cause for concern (on the Service not doing enough to be an inclusive employer) from the 2018 inspection. The HMICFRS letter considered the documentary evidence we provided in relation to the progress being made on the cause of concern and they concluded:

*“[HMICFRS] are encouraged by the work that is in progress to improve the values and culture of the service, and to become a more inclusive employer. We welcome the new frameworks, policies and associated improvements made to date, and recognise the fresh beginning a new service offers.*

*It is pleasing to see that the results of the recent surveys recognise the improvements made. However, while there has been good progress, it will take time for these improvements and the transition to the new service to become established. We will therefore inspect this cause of concern as part of your round 2 scheduled inspection in 2022.”*

- 4.15 The next inspection of HIWFRS, our first as a combined Service, took place between April and June 2022, with a final report set to be published by the end of 2022. We welcome the opportunity to demonstrate the progress that has been made across the Service since 2018, as well as the opportunity to capture learning or improvements.
- 4.16 The Fire Standards Board continues to consult on the development of new Standards. Officers and their teams have been proactively engaging in the process and have fed into the development of all Standards. This assists us in our planning and assurance around each Standard, the process for which is outlined elsewhere in this Statement. Once a new Fire Standard is published, there is a thorough assessment and analysis of our current compliance with it. These assessments are published internally and reported into the Executive Group, Chief Officer’s Group, and Integrated Performance and Assurance Group (IPAG) – with six-monthly reporting into the Fire Authority. The Service’s current compliance assessment against the Fire Standards is quality assured by the Organisational Assurance team who also publish background information to all our staff, via our intranet on the Fire Standards Board,

approved Fire Standards and what their requirements ('desirable outcomes') are.

4.17 Other external reviews include the following:

- ISO27001 Information Security Audit accreditation meaning that HIWFRS are compliant to the internationally recognised information security standard.
- Complete annual Code of Connection (CoCo) review and Home Office submission for our Emergency Services Network (ESN) connectivity.
- Complete annual audit and Code of Connection (CoCo) statement return for emergency communications
- Annual penetration tests by authorised third-party companies to conform to ISO27001, Public Sector Network and Emergency Services Network accreditation requirements.
- Inspection from HMI covering ICT management activities, methodology, technology and Security.
- Complete audits of ICT functions conducted by the Southern Audit Partnership, two to four audits per year of our operational teams and or processes.
- Monthly Internal audits assessing the competence and compliance of ICT staff in line with the ISO27001 scope, standards and requirements.
- Quarterly tabletop exercises relating to ICT scenarios testing business continuity plans, disaster recovery plans and day to day processes\*
- The National Fire Chiefs Council (NFCC) have published a Fire and Rescue Service (FRS) Safeguarding Guidance document which includes a requirement to provide a self-assessment return.
- Peer review of the Combined Fire Authority (CFA) project management activities and method.

## **5. Evaluate assurances and identify gaps in control/assurance.**

5.1 One of the key elements of the Corporate Governance Framework and the production of the Annual Governance Statement (AGS) is the methodology applied to obtain the necessary assurance. This has included:

- a self-assessment assurance statement (certificate of assurance) being sent every year to members of senior management.
- consultation with other relevant officers throughout the organisation.

5.2 The Certificate of Assurance covers a range of corporate governance and assurance issues, and they refer to the existence, knowledge and application within departments of governance policies generally.

5.3 The HIWFRS Corporate Governance Framework illustrates how decisions are made and by whom. This Framework works alongside the HIWFRA Constitution to ensure clarity around all governance arrangements. To provide a greater understanding around this an HIWFRS Corporate Governance procedure has been created which contains an Officer Scheme of Authorisation. This provides further assurances to all stakeholders on governance arrangements.

**6. Action Plan ensuring continuous improvement of the system of governance.**

6.1 There is a requirement for the AGS to include an agreed action plan showing actions taken or proposed to deal with significant governance issues.

6.2 The HIWFRS Corporate Governance Framework provides a robust mechanism to ensure significant governance issues are identified, and an appropriate action plan is agreed to continue improvement of the system of governance.

6.3 The following identifies the actions to ensure continuous improvement of key governance issues that will be carried out over the next year 2022-2023:

6.3.1 To continue investment into our Carbon reduction plans, including electric vehicle charging points across the estate.

6.3.2 To publish our Inclusive Service Strategy and work with Network Groups and stakeholders to develop an underpinning action plan with appropriate oversight and governance.

6.3.3 To undertake a review of governance frameworks and their supporting Policies, Procedures and Guidance

6.3.4 To deliver Phase One of the Community Risk Management Plan (understanding risk, issues, challenges and opportunities in Hampshire and the Isle of Wight

6.3.5 Undertake an external value for money assessment on HIWFRS which follows on from the baseline benchmarked data provided through the 2020 assessment

6.3.6 To develop a Wellbeing Strategic Plan, addressing the finding from the wellbeing survey

6.3.7 Across all Directorates, progress our maturity and compliance with Fire Standards

**7. In response to the Action Plan outlined in the 2020/21 Annual Governance Statement:**

7.1 There is a requirement for the AGS to include reference to how issues raised in the previous year's AGS been resolved.

7.2 The following identifies the actions resolved in 2021/2022:

7.2.1 The Corporate Governance Framework has been updated as a result of restructures at Director level and the Corporate Governance Framework and associated documents are available for all staff.

- 7.2.2 As a result of the Combined Fire Authority, an Authority Member Allowances review has been carried out and approved by the Authority in February 2022.
- 7.2.3 The Authority's new governance arrangements for the Combined Fire Authority are working effectively and efficiently.
- 7.2.3.1 The Constitution has been kept up to date with the addition of substitute members to the Authority's standing committees to help ensure attendance and representation issues are addressed.
- 7.2.3.2 The new CFA existed in "shadow form" from 1 April 2020 to 31 March 2021 and then moved into full operation with effect from 1 April 2021. During the "shadow period", elected members were successfully appointed by the Constituent Authorities in accordance with the Combination Scheme. Those appointments continued when the Authority went into full operation on 1 April 2021, ensuring continuity. Members were (and continue to be) required to complete required declarations of interests on appointment, which are published in accordance with transparency requirements. The Constituent Authorities re-appoint their members to the CFA at their Annual General Meetings each year in May. Therefore, each constituent authority reappointed their allotted members in May 2021 and again most recently in May 2022.
- 7.2.3.3 During the shadow period, robust arrangements were put in place to ensure appropriate governance of the "shadow authority", but in a way that anticipated the Authority coming into full operation on 1 April 2021. This included:
- adoption of a Constitution containing key governance documents, including Standing Orders, Scheme of Delegation, Member Code of Conduct, Financial Regulations and Contract Standing Orders.
  - the appointment of statutory officers (Clerk/Head of Paid Service, Chief Financial Officer, and Monitoring Officer).
  - the appointment of "Independent Persons" to assist the Authority in dealing with complaints against elected members, as required by legislation.
  - the approval of arrangements to ensure statutory democratic processes are complied with (ie., publication of agendas and papers for formal meetings, retention of minutes etc).
- 7.2.3.4 As a result of the planning and preparation that took place during the shadow period, the new CFA moved seamlessly into full operation on 1 April 2021 and successfully held its first formal public meeting in April 2021, and its first full Annual General Meeting in June 2021. At the Annual General Meeting

in June 2021, the usual governance requirements comprising election of Chair and Vice Chair, approval of the proportionality table, appointment to standing committees and approval of constitutional documents were successfully completed. The Authority also approved dispensations to avoid any conflict issues in relation to setting the Council Tax precept and approving the Member Allowance Scheme.

7.2.3.5 The new Authority now has well developed governance arrangements, built on past experience of HFRA's governance arrangements and also the preparatory work done during HIWFRA's shadow period. The governance arrangements include dedicated governance staff within HIWFRA, who work closely with HIWFRA's Monitoring Officer and Democratic Services staff in Hampshire County Council to ensure compliance with statutory governance requirements. There is a well-established, detailed forward plan of business for the Authority, which ensures annual decisions in respect of governance matters are taken by the Authority at appropriate times during the Municipal Year. In addition, HIWFRA's governance staff and the Monitoring Officer are involved in assisting and advising officers to finalise reports for all items of business that go to Authority and Committee meetings. Well established "lead in times" are published within the Service, along with a checklist for officers at the front of the report template. This enables items of business to be developed with appropriate legal, financial and governance advice, for such items to be considered by senior officers at Exec Group, and then at Chairman's Briefing, before inclusion in the agenda for meetings. This ensures that decisions taken by the Authority are robust and lawful and comply with good governance requirements. The first year of operation of the full Authority has been a success with high attendance by members at meetings and no challenges to decision making".

7.2.4 The values and behaviours have been embedded into the organisation and incorporated into many of our processes for recruiting, developing and managing our people. To encourage behaviours that demonstrate the Values positively, we have introduced the Peer to Peer Recognition scheme whereby employees can nominate one another for positively role modelling the Service values.

7.2.5 The new Risk Management System is being embedded into the organisation to encourage good practices in risk management and reporting. Implementation of a risk management framework which has also included the use of a risk management system to monitor risk and mitigation at a corporate level.

7.2.6 A gap analysis of each of the Fire Standards as they are released, has been carried out to ensure the organisation is in a strong place and can give assurances to HMICFRS.



## Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are set out in this statement.

We propose over the coming year to take steps to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Chief Fire Officer

Date:

Signed:

HIWFRA Chairman

Date:

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## **HIWFRA Standards & Governance Committee**

Purpose: Noted

Date: 29 July 2022

Title: **INTERNAL AUDIT PROGRESS REPORT 2021/22 and 2022/23**

### **Report of the Chief Internal Auditor**

#### SUMMARY

1. The purpose of this paper is to provide the Standards and Governance Committee with:
  - an overview of internal audit work completed in accordance with the approved audit plans, and
  - an overview of the status of 'live' reports.

#### BACKGROUND

2. The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

*'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.*

3. In accordance with proper internal audit practices and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Standards and Governance Committee, summarising:
  - the status of 'live' internal audit reports;
  - an update on progress against the annual audit plans;
  - a summary of internal audit performance, planning and resourcing issues; and

- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.
4. The report attached at Appendix A summarises the activities of internal audit for the period ending June 2022.

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

5. The Internal Audit Plan is designed to validate the assurance and control framework which exists in the Authority and across the Service. Secure management processes including risk and performance management are important in ensuring that the Authority's plans are achieved.

#### RESOURCE IMPLICATIONS

6. The 2021/22 and 2022/23 plans were prepared on the basis of audit need and agreed with senior managers and endorsed by Hampshire & Isle of Wight Fire & Rescue Authority (Shadow Authority), 10 February 2021, and the Standards and Governance Committee on 11 March 2022 following comprehensive risk assessment. The cost is reflected in the Authority's budget.
7. The audit plan will remain fluid to enable us to react to the changing needs of Hampshire and Isle of Wight Fire and Rescue Authority.

#### IMPACT ASSESSMENTS

8. Impact assessments have not been required for this report as the production of the report will not result in the implementation of a new change activity, and/or introducing, or amending, a Service Policy.

#### LEGAL IMPLICATIONS

9. There are no legal implications arising from this report.

#### OPTIONS

10. The options are that the progress in delivering the internal audit plan for 2021/22 and 2022/23 and the outcomes to date are noted, or not noted, by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

#### EVALUATION

11. Internal audit activity provides the Authority with an assurance mechanism to evaluate the effectiveness of the Service's risk management, control and governance processes.

## RISK ANALYSIS

12. The risk-based approach to internal audit planning and reviews aims to ensure that internal audit resource focuses on key business risks and as such the Authority's risk register has been used to inform the planning process and ensure that key risks are reflected in planned work.

## CONCLUSION

13. The appendix outlines the progress made in delivering the internal audit plan for 2021/22 and 2022/23 and the issues arising to date.

## RECOMMENDATION

14. That the progress in delivering the internal audit plan for 2021/22 and 2022/23 and the outcomes to date be noted by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

## APPENDICES ATTACHED

Appendix A: Internal Audit Progress Report 2021/22 and 2022/23

**Contact:** Karen Shaw, Chief Internal Auditor, [Karen.Shaw@hants.gov.uk](mailto:Karen.Shaw@hants.gov.uk),  
07784 265138

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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**Hampshire & Isle of Wight Fire & Rescue Authority: Standards and Governance Committee**  
**Internal Audit Progress Report 2021-2022 & 2022-23**

**July 2022**

:

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## 1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

*‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’*

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

*‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.*

Hampshire and Isle of Wight Fire and Rescue Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Hampshire and Isle of Wight Fire and Rescue Authority that these arrangements are in place and operating effectively.

The Hampshire and Isle of Wight Fire and Rescue Service’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

## 2. Purpose of report

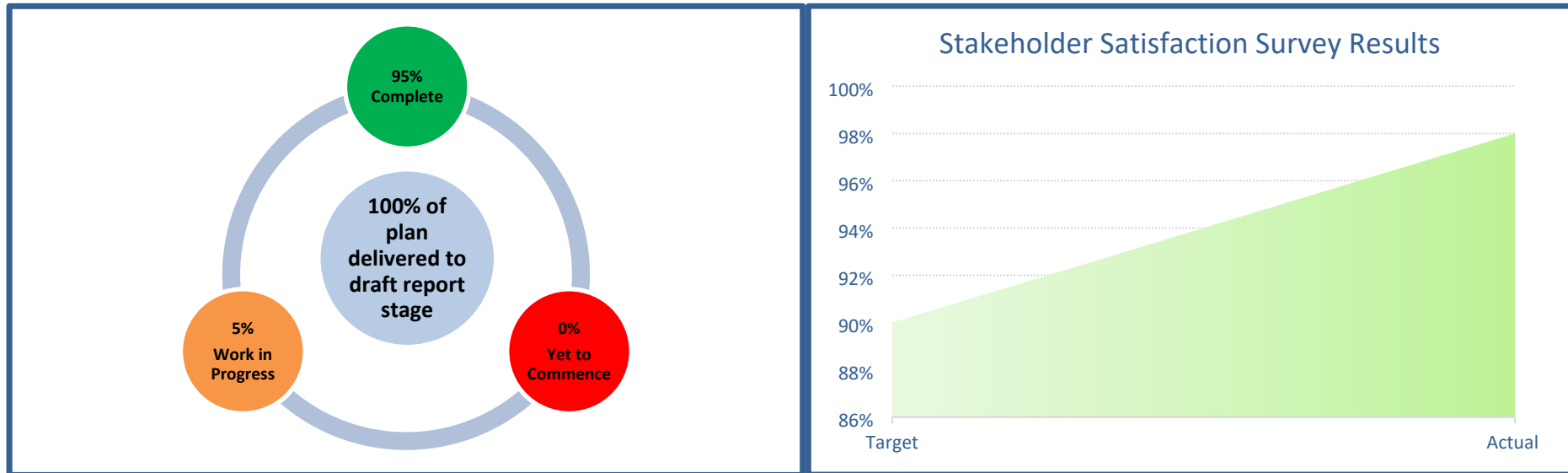
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### 3. Performance dashboard



#### Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'*

## 4. Analysis of 'Live' audit reviews

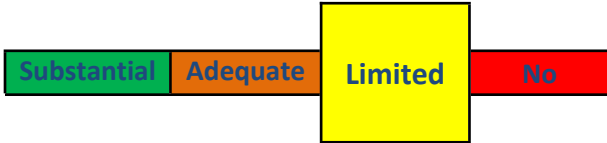
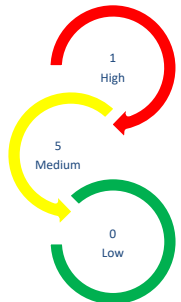
Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due*	Complete*	Overdue		
							L	M	H
Assurance of the Competence of Operational Response Capability**	27.07.21	D of O	Limited	8 (4)	0 (0)	8 (4)			
Referral Pathways	16.11.21	D of O	Limited	19 (10)	0 (0)	17 (9)		1	1
ICT Project Management	14.02.22	D of CS	Reasonable	6 (0)	0 (0)	6 (0)			
Prevention and Protection	24.02.22	D of O	Reasonable	3 (0)	1 (0)	2 (0)			
ICT Patch Management**	17.03.22	D of CS	Reasonable	7 (0)	0 (0)	7 (0)			
General Data Protection Regulations (GDPR) and Data Protection Compliance	31.03.22	D of CS	Limited	9 (5)	4 (3)	5 (2)			
ICT Change Management	08.04.22	D of CS	Reasonable	4 (0)	2 (0)	2 (0)			
Risk Management	08.06.22	D of PP&A	Reasonable	7 (0)	7 (0)	0 (0)			
Data Quality	17.06.22	D of PP&A	Limited	6 (1)	5 (1)	1 (0)			
DBS Checks	22.06.22	D of P&OD	Limited	8 (2)	6 (0)	2 (2)			
Pay Claims (Recurring Allowances)	11.07.22	D of P&OD	Reasonable	1 (0)	1 (0)	0 (0)			
<b>Total</b>				<b>78 (22)</b>	<b>26 (4)</b>	<b>50 (17)</b>	<b>0</b>	<b>1</b>	<b>1</b>

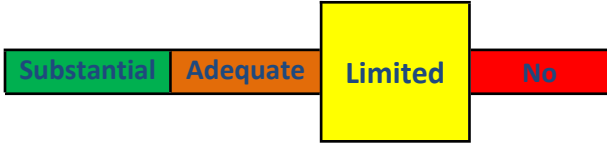
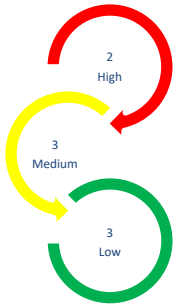
\*Total number of actions (total number of high priority actions)

\*\* Audits where all actions have been cleared since our last report.

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

GDPR and Data Protection Compliance		
<p><b>Audit Sponsor:</b> Director of Corporate Services</p> <p><b>Key Contacts:</b> Head of Governance and Business Support Information Compliance Manager &amp; Data Protection Officer</p>	<p><b>Assurance opinion:</b></p> <div style="text-align: center;"> </div>	<p><b>Management Actions:</b></p> <div style="text-align: center;"> </div>
<p><b>Summary of key observations:</b></p> <p>This audit followed up on both the 2017/18 and 2018/19 reviews, which both resulted in limited assurance opinions. The scope examined central controls to ensure compliance with the Data Protection Act and General Data Protection Regulations, and we tested compliance across the organisation.</p> <p>We identified that HIWFRS has implemented a number of changes and improvements since our previous audit and has plans to further enhance the control framework going forward. A data asset register has been compiled; an internal review of all procedures has taken place and a number of templates have been introduced. Testing identified that breaches, Freedom of Information and Subject Access Requests are all dealt with in an appropriate and timely way. The Information Compliance Team understand where there are gaps in the control framework, and the ensuing risks, and have plans to address them, but progress has been delayed due to resource issues and changes to the team.</p> <p>Although HIWFRS have an agreed retention schedule in place, the reason for the limited opinion is that data across the organisation is not being deleted in line with that schedule.</p>		

<p><b>Data Quality</b></p>		
<p><b>Audit Sponsor:</b> Director of Policy, Planning and Assurance (the Deputy Chief Fire Officer, DCFO)</p> <p><b>Key Contacts:</b>                  Head of Performance                  Business Intelligence Data Architect                  Organisational Performance Manager</p>	<p><b>Assurance opinion:</b></p> 	<p><b>Management Actions:</b></p> 
<p><b>Summary of key observations:</b></p> <p>HIWFERS is required to publish a variety of statistical data both locally and nationally, with much of this being populated from the national Incident Reporting System (IRS). This database is populated by operational fire-fighters when they are called to respond to incidents, and the Home Office requirement is for incident reports to be published within seven days of the incident occurring. The audit initially focused on the processes in place to ensure the accuracy of data and timely completion of IRS reports and, separately, vacancy recording in SAP, with testing carried out on a sample of data.</p> <p>Although there is a clear data quality procedure in place, various manual and automated data quality processes undertaken by the Organisational Performance Team, and evidence of continued improvement in the completion of IRS reports within seven days as required by the Home Office, there are still some stations that are consistently failing to address their overdue reports.</p> <p>With regard to vacancy monitoring, whilst effective controls are in place to enable Grey Book (whole-time, on-call and Control) vacancies for operational firefighters to be monitored and accurately reported, there is a lack of central control or monitoring of Green Book staff vacancies that means management information in this area is unreliable. There are however, mitigating controls at the recruitment stage to ensure that only posts required and funded are recruited to, however the issue of data quality remains.</p>		

<b>Disclosure and Barring Service (DBS) Checks</b>		
<p><b>Audit Sponsor:</b> Director of People and Organisational Development</p> <p><b>Key Contacts:</b> HR Business Partner</p>	<p><b>Assurance opinion:</b></p>  <p>The diagram shows a horizontal scale with four segments: 'Substantial' (green), 'Adequate' (orange), 'Limited' (yellow, highlighted with a black border), and 'No' (red).</p>	<p><b>Management Actions:</b></p>  <p>The diagram shows a circular flow of three arrows: a red arrow labeled '2 High', a yellow arrow labeled '3 Medium', and a green arrow labeled '3 Low'.</p>
<p><b>Summary of key observations:</b></p> <p>A Safeguarding audit in 2018/19 highlighted gaps in DBS evidence recorded on SAP. As a result, the Service undertook a major piece of work to determine the level of DBS check required for each role, record that level against each position within SAP and to bring DBS records in SAP up to date for existing staff. We undertook a further review during the year to ensure that DBS checks are now completed in line with these requirements.</p> <p>The review confirmed that significant progress has made since our last review to improve the control framework for ensuring that DBS checks are carried out at the right time and are recorded correctly. In particular, there is a clear procedure in place setting out the expectations for DBS checks, responsibilities are clear, and a role mapping document sets out the requirements for each role across the Service. We also confirmed that since early 2021, all SAP position records have been updated to show the correct level of DBS checks required and this ensures that the correct checks are carried out during recruitment. However, our testing has shown that there are still some discrepancies relating to the checks undertaken for existing staff. Some of these issues, for example where higher level checks have been completed than needed, will be addressed when rechecks fall due. However, although for a very small percentage of the overall workforce, we identified instances where the checks carried out did not comply with the requirements of the role. Although compliance reports are available to identify anomalies, we could not find evidence that these are run on a regular basis, to ensure that corrective action is taken or escalated where needed.</p>		

## 6. Planning & Resourcing

The internal audit plan for 2021/22 was presented to Executive Group and the Hampshire & Isle of Wight Fire & Rescue Authority (Shadow Authority), 10 February 2021. The internal audit plan for 2022/23 was approved by the Standards and Governance Committee on 11 March 2022.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Authority. Progress against the plan is detailed within section 7.

## 7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>Fire Audit Plan 2020/21 – carry forward</b>								
ICT Contract Management	D of CS	✓	✓	✓	✓	✓	Reasonable	
<b>Fire Audit Plan 2021/22</b>								
Referral Pathways	D of O	✓	✓	✓	✓	✓	Limited	
Compliant Management of Fleet	D of CS	✓	✓	✓	✓	✓	Reasonable	
Cyber Security – Patch Management	D of CS	✓	✓	✓	✓	✓	Reasonable	
Prevention and Protection – Competency, Resourcing and Succession Planning	D of O	✓	✓	✓	✓	✓	Reasonable	
General Data Protection Regulation (GDPR) and Data Protection Compliance	D of CS	✓	✓	✓	✓	✓	Limited	
ICT Project Management	D of CS	✓	✓	✓	✓	✓	Reasonable	
Business Continuity	D of PP&A	✓	✓	✓	✓	✓	Reasonable	
IT Change Management	D of CS	✓	✓	✓	✓	✓	Reasonable	
Data Quality	D of PP&A	✓	✓	✓	✓	✓	Limited	
Disclosure and Barring Service (DBS) Checks	D of P&OD	✓	✓	✓	✓	✓	Limited	



Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
IT User Access	D of CS	✓	✓	✓	✓			Q4 Draft issued 05.07.22
Risk Management	D of PP&A	✓	✓	✓	✓	✓	Reasonable	
Pay Claims	D of P&OD	✓	✓	✓	✓	✓	Reasonable	
NFI	D of PP&A	N/A	N/A	✓	N/A	N/A	N/A	
Follow Up work	Various	N/A	N/A	✓	✓	✓	N/A	
<b>Shared Services Audit Plan 2021/22</b>	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the HIWFRS DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships							
Recruitment (Success Factors)	Shared Services	✓	✓	✓	✓	✓	Reasonable	
Procurement (General)	Shared Services	✓	✓	✓	✓	✓	Substantial	
Cleaning Contract Management	Shared Services	✓	✓	✓	✓	✓	No Assurance	
Procurement Cards	Shared Services	✓	✓	✓	✓	✓	Reasonable	
Payment Card Industry Data Security Standard	Shared Services	✓	✓	✓	N/A	✓	Not applicable	Submission to WorldPay on 01.10.21
Pre-Employment Checks	Shared Services	✓	✓	✓	✓	✓	Reasonable	
<b>Fire Audit Plan 2022/23</b>								
Modern Slavery - Assurance	DCFO	✓	✓	✓				Q1
Impact Assessments	DCFO	✓	✓	✓	✓			Q1
Property and facilities – statutory compliance works	D of CS	✓	✓	✓	✓			Q1

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Continuing professional development payments	D of P&OD							Q2 Scoping arranged for 15.07.22
Assurance over the competence of operational response capability – detailed follow-up	D of O							Q2 under discussion as area covered by HMICFRS
Sickness absence management	D of P&OD							Q3
Purchasing Cards (P-Card)	DCFO							Q3
Cyber security controls	D of CS							Q3
Health and Safety – reporting and assurance	DCFO							Q4
ICT networks and communications	D of CS							Q4
ICT systems, applications, and governance	D of CS							Q4
Follow Up	Various							Q4
NFI	DCFO							Q1-4
<b>Shared Services Audit Plan 2022/23</b>	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the HIWFRS DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships							
PCI DSS								Q2
Recruitment - Contracts								Q2
Pay Review and Award Process								Q2
Banking								Q2
TUPE								Q3
Budget Planning								Q3

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Shared Services Reporting from Concerto to Partners (Property Services)								Q3
Treasury Management								Q4

#### Audit Sponsors

CFO	Chief Fire Officer	H of ICT	Head of ICT
DCFO	Deputy Chief Fire Officer	H of OA	Head of Operational Assets
D of O	Director of Operations	H of G&BS	Head of Governance and Business Support
D of CS	Director of Corporate Services	H of P&F	Head of Property and Facilities
D of PP&A	Director of Policy, Planning and Assurance (the Deputy Chief Fire Officer, DCFO)	SFBP	Senior Finance Business Partner
D of P&OD	Director of People and Organisational Development	HR BP	HR Business Partner
AD (Pr&Pr)	Assistant Director (Prevention and Protection)	N/A	Not applicable
AD (P&P)	Assistant Director (Policy and Planning)		
H of F	Head of Finance		
H of P	Head of Performance		

## 8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2021/22	
<b>Removed from the plan</b>	<b>Reason</b>
Compliance Review of CPD Payments	Removed at client request for it to happen at a later date (as part of the 2022/23 plan)
Property and Facilities – Statutory Compliance Works	Removed at client request and included in 2022/23 audit plan
<b>Added to the plan</b>	<b>Reason</b>
Compliance Review of CPD Payments	Initially added at the client request, but subsequently requested to move this to the 2022/23 audit plan (as stated above).



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards and Governance Committee**

Purpose: Noted

Date: **29 July 2022**

Title: **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**

Report of Chief Fire Officer

### SUMMARY

1. The purpose of this paper is to provide the latest update on the management actions that have not been completed within their target date and their status. The Standards and Governance Committee has a key scrutiny role in monitoring the implementation of internal management actions.

### BACKGROUND

2. Internal audit is one of various assurance mechanisms that the Service utilises as part of our wider assurance programme. This assurance programme includes internal and external assurance mechanisms – other external examples include from HMICFRS, OFSTED, and ISO certification testing.
3. In terms of internal audit, the HIWFRS Organisational Assurance team maintains, monitors and reports on a record of audits against the current risk-based Internal Audit Plan, noting whether they are in progress or have been completed. The respective members of the Chief Officer's Group are responsible for the delivery of actions that fall within their areas of responsibility.
4. Once a final audit report has been issued, the agreed management actions are recorded along with:
  - the priority of the recommendation;
  - the target date for implementation; and
  - the person responsible for the action.

5. The Organisational Assurance team will ask for confirmation and evidence that an action has been implemented, or if it has not been completed, when it is expected to be. Any management actions that continue to remain outstanding are referred to the relevant Director. Our internal Integrated Performance and Assurance Group (IPAG) also provides an overview of outstanding recommendations, and they are also monitored regularly by the Director of Policy, Planning and Assurance and the Head of Performance.

**MANAGEMENT ACTIONS**

6. The table below lists those recommendations that are currently outstanding beyond their agreed target date and if they are of medium (M) or high (H) priority. There is a brief commentary against each to explain the status and any mitigating factors.

<b>Internal Audit Management Actions</b>			
<b>Prevention Referral Pathways</b>			
Improvements in systems and processes, QA framework and new electronic Safe & Well Form will address delays in closing jobs in CFRMIS. Interim process in place.	January 2022 revised to end of January 2023	H	<p>There is also ongoing work with ICT and a third-party supplier to deliver a new electronic Safe and Well form, which will push data from CSOs and crews directly into CFRMIS (to then be reported on), that is set to be launched in January 2023 and will be communicated to our staff, along with other related activity and improvements, including our new risk-based Safe &amp; Well visit programme. Although being delivered later than planned, this will give HIWFRS the most resilient and best supported electronic form and process.</p> <p>Recruitment of new staff into Prevention will assist in delivering these items. However, this has been delayed pending the selection suitable candidates, and will now be completed by the end of August</p>

			<p>2022. This is later than originally planned as recruiting into these posts has been challenging so we have combined focus on this with wider work to refine and improve the Prevention team structure.</p> <p>Two temporary Crew Manager posts have been filled and are providing additional capacity to the Home Safety Team.</p>
<p>Developing a Quality Assurance Framework to ensure delivery of prevention duties.</p>	<p>November 2021 date revised to end of August 2022</p>	M	<p>As noted above, recruitment into this new post has been delayed pending the selection of a suitable candidate which will be completed by the end of August 2022. This is later than originally planned as recruiting into this post has been challenging so we have combined focus on this with wider work to refine and improve the Prevention team structure.</p> <p>A job description has been completed and is going to a Job Evaluation Panel on 14 July 2022. Recruitment to this post will be immediately after the panel convenes.</p>

#### MANAGEMENT COMMENTARY

7. The number of open audit management actions is now 28, owing to the finalisation of various audits (as noted below), including on Risk Management, Data Quality and DBS Checks. However, only two of our management actions – both from the Referral Pathways audit, are overdue for the reasons explained in the above table.
8. In recent years, we have observed a positive increase in the number of ‘substantial’ and ‘adequate’ (now referred to as ‘reasonable’) audit opinions received over time:

- 2018/19: 100% audits reported as limited;
  - 2019/20: 50% reported as limited, 50% adequate; and
  - 2020/21: 55% reported as substantial and 36% as reasonable in 2020/21 with 9% (1 audit) reported as limited.
9. For the 2021/22 risk-based internal audit plan, we have had 12 completed fire-specific audits, eight have received a reasonable opinion and four had limited opinions:
- The Prevention Referral Pathways audit, which was rated 'limited' and has two overdue actions (related to ongoing recruitment). The other 17 actions have been completed.
  - The GDPR and Data Protection audit, which was rated 'limited' with 9 management actions. Of these five actions have been completed, and the remaining four actions are not due yet.
  - The Data Quality audit, which was rated 'limited' with 6 actions – 1 has been completed and another 5 actions are not yet due.
  - The DBS check audit, which was rated 'limited' with 8 actions – 2 of which have been completed and 6 of which are not yet due.
  - The audit on Competency, Resourcing and Succession planning – Prevention and Protection, which was rated 'reasonable' meaning there is a generally sound system of governance, risk management and control in place. This audit has three management actions, with two completed and one not yet due.
  - The Compliant Management of Fleet audit, which was rated 'reasonable'. This audit had five management actions that have all been completed.
  - The Business Continuity audit, which received 'reasonable' assurance, had no management actions, and included a wide range of positive audit findings.
  - The Risk Management audit, which received 'reasonable' assurance, had seven management actions, none of which are due yet.
  - The Pay Claims (Recurring Allowances), which received 'reasonable' assurance, with one action that is not yet due. This demonstrates the significant progress made in this area since it was previously audited in 2018/19.



- The ICT project management audit, which was rated 'reasonable' and had six management actions, all of which have been completed.
- The ICT patch management audit, which was also rated 'reasonable' with 7 management actions, with all actions now completed.
- Finally, the ICT change management audit, which received a 'reasonable' assurance opinion that had four management actions – two have been completed and two that are not yet due.

#### ASSURANCE OVER THE PREVENTION REFERRAL PATHWAY ACTIONS

10. The Prevention Referral Pathways audit focused on referrals from key stakeholders and partners to ensure that vulnerable members of the community are protected from fire risks. Internal auditors looked at the number of Safe and Well Visits made against the agreed targets in place and how those targets are calculated to ensure that they are focused on relevant risk factors.
11. The audit found some weaknesses in our risk management controls and in response a comprehensive action plan was put together consisting of 19 actions. 17 of these actions have already been completed with a further 2 to be completed by August 2022 pending recruitment into some specific new posts. The completed actions to date include, but are not limited to:
  - The 2022-25 Community Safety Plan has been signed off by the Operations Management Board, following consultation with key stakeholders and partners.
  - The newly developed risk heat map has been communicated across the Service, initially via our Group Commanders, as part of launching new Group and Station Safe and Well Activity Based Goals, which are split by post-incident, partner referral-led, and risk-based Safe and Well visits.
  - We had planned to align the risk rating of referrals (shaped by NFCC guidance) across the Southeast region. However, this has not been possible, there a HIWFRS methodology has been adopted that creates four levels of risk and time scales for delivery of Safe and Well visits: very high risk – visited within 48 hours; high risk – visited within 14 days; medium risk – 28 days; and low risk – use of online self-service via the new Safelincs form.
  - We have reviewed our Safe and Well delivery methodology; and plans are now in place to deliver these essential visits in a more effective and efficient way. This is through a better use of our whole-time resources, effectively deploying into higher-risk on-call areas. All

delivery progress is being closely monitored, in order to provide the necessary quality assurance.

- Various resources have been invested to address the number of open Safe and Well job cards.
- A cross directorate exercise has been undertaken to map Safe and Well to simplify processes and systems, monitoring and reporting.
- Data from a wide range of internal and external sources has been used to create new risk scores for Group and Stations, as well as a 'Heat Map' of risk and vulnerability in our communities across Hampshire and the Isle of Wight. This will enable us to focus more efficiently on those areas where.
- All our recruitment open days had a representation from, and presentation regarding, Prevention activity; during the latest Crew Manager promotion process, candidates had to present on a prevention-based question; and the wholtime firefighter trainee course content includes prevention, and Safe and Well input.
- Live Power BI reports have been developed to show the number and source of referrals, with an ability to view this data by Group and station. The date the referral was received has also been added into the live Power BI reporting on Safe and Well visit activity. Our Power BI dashboard has also been amended to reflect the annual Service target for Safe and Well visits, and to include referral dates.

#### ASSURANCE OVER THE GDPR AND DATA PROTECTION COMPLIANCE ACTIONS

12. Whilst we recognise this audit had a 'limited' assurance opinion we welcome the recognition that HIWFRS has implemented a number of changes and improvements since SIAP's previous audit and their noting that we have plans to further enhance the control framework going forward. The report also notes that HIWFRS understand where there are gaps in the control framework, and the ensuing risks, and have plans to address them.

13. In terms of progress against the specific actions raised in the audit, to date we have:

- Completed a review of our current GDPR training package with the intention to deliver a new training package by March 2023;
- Created a new work plan with clear objectives, with allocated responsible owners and set priorities based upon risk and potential for non-compliance; and
- Commenced engagement with department managers to review their local retention practices.
- Targeted GDPR and data protection compliance activities aimed at our on-call staff.

#### ASSURANCE OVER THE DATA QUALITY AUDIT

14. This audit received a 'limited' assurance opinion; however, importantly, it notes that a clear data quality procedure is in place, various manual and automated data quality processes are undertaken by the Organisational Performance Team, and there is evidence of continued improvement in the completion of IRS reports within seven days as required by the Home Office.
15. The actions from this audit report are being progressed and the issues flagged in this report do not present a risk to our critical internal and external performance and data reporting areas.

#### ASSURANCE OVER THE DBS CHECKS ACTIONS

16. Whilst we recognise this audit had a 'limited' assurance opinion we welcome the recognition that there has been significant improvement since the previous full audit review carried out in 2018/19. However, testing did identify that there are still some discrepancies relating to historic checks that have been undertaken. Two of the management actions required have already been completed:
- to correct the vetting 'flag' on each role within the Service (future DBS checks will be undertaken in line with the information contained within our HR system for the particular role; and
  - to undertake regular reporting within the People & Organisational Development directorate to provide assurance on whether individuals have the correct DBS re/check for their post – escalating any issues or

actions to the relevant member of the Chief Officer's Group when required.

### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

17. By ensuring the implementation of internal audit recommendations, we assist the Authority in improving its planning and performance management processes, and in complying with its governance arrangements. This in turn assists the Authority in achieving our *High Performance* and *Learning and Improving* Safety Plan priorities, and our vision to work smarter, be more efficient, and to make life safer for everyone in Hampshire and the Isle of Wight.

### COLLABORATION

18. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
19. Our internal audit procedure, which acts as a Memorandum of Understanding (MoU) and outlines how HIWFRS and SIAP collaborate, was revisited by HIWFRS and SIAP in 2021 light of the combined fire authority, and the relationship continues to be effective, as evidenced by the progress made with audit actions and our approach to risk-based audit planning.

### RESOURCE IMPLICATIONS

20. When agreeing management actions in response to an audit report, the cost of addressing the risk should be considered against the risk materialising. Implementing audit recommendations helps to ensure that the Authority uses its resources efficiently, that key controls are in place and working, and opportunities to achieve value for money are taken.
21. The management of internal audit actions is within current resources.

### IMPACT ASSESSMENTS

22. Impact assessments have not been required for this report as the production of the report will not result in the implementation a new change activity, and/or introducing, or amending, a Service Policy.

### LEGAL IMPLICATIONS

23. There are no legal implications arising from this report.

## RISK ANALYSIS

24. Failure to implement internal audit recommendations leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. Internal management of audit recommendations is an important process within the Authority's risk management arrangements. The updates on progress ensure that Members are fully aware of any problems associated with addressing the issues raised and the priority given to driving down or eliminating specific risks.

## EVALUATION

25. The evaluation of the progress the Service makes in completing internal audit management actions forms an important part of the Service's organisational assurance activity, provides a valuable measure of corporate health, and identifies learning across the Service. The Service's Organisational Assurance team regularly monitors progress in completing management actions, for example via reporting into the Service's Integrated Performance and Assurance Group (IPAG) and in regular discussions with our internal auditors, the Southern Internal Audit Partnership.

## CONCLUSION

26. Progress continues to be made in both completing the management actions from previous audits and progressing the current audit plan. Management actions will be undertaken in respect of the specific audits themselves and more widely in respect of internal control issues and how they are managed across the Service. As outlined in the MoU, management actions are owned by an Executive Sponsor and a Chief Officer's Group (COG) lead, who work with their teams to ensure progress is made.

## RECOMMENDATION

27. That the HIWFRA Standards and Governance Committee notes the progress made towards the implementation of the internal audit management actions and the delivery of the audit plan.

Contact:

Alex Quick, Head of Performance,  
[alex.quick@hantsfire.gov.uk](mailto:alex.quick@hantsfire.gov.uk), 07918 888146

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards and Governance Committee**

Purpose: Noted

Date: **29 JULY 2022**

Title: **EXTERNAL AUDIT PLANNING 2021/22 ACCOUNTS**

Report of Chief Financial Officer

### SUMMARY

1. The Authority is required to produce an annual Statement of Accounts and to have these accounts externally audited. The audit of the Authority's accounts is conducted by EY, an audit firm appointed through the Public Sector Auditor Appointments national scheme.
2. Prior to commencing the audit of the accounts, the external auditor prepares an audit plan setting out the proposed audit approach and scope for the audit. It sets out EY's initial assessment of key audit risks and outlines the planned strategy in response to these risks, as well as the planned timetable for the audit.
3. The report has been reviewed by the Chief Financial Officer and is now attached at Appendix 1 for the consideration of the Standards and Governance Committee. The audit team from EY will be attending the meeting to present and discuss their report with the Committee.

### BACKGROUND

4. The Authority is required by the Local Audit and Accountability Act (2014) and the Accounts and Audit Regulations (2015) to produce an annual statement of accounts and to have these accounts externally audited.
5. An audit plan is prepared by the Authority's external auditors prior to the audit commencing. This audit plan sets out the timetable for the audit and provides detail of the areas of audit focus and key risks for the organisation.

## AUDIT ARRANGEMENTS

6. The timescales for the publication of draft and audited accounts have been temporarily extended through amendments to the Accounts and Audit Regulations over recent years due to the impact of Covid-19.
7. The Fire Authority benefits from economies of scale in the accounts and audit process through the shared services arrangements with Hampshire County Council, the Police and Crime Commissioner for Hampshire and Isle of Wight, and the Hampshire Constabulary. This arrangement means the accounts are prepared by the same finance team using the same accounting system and are then audited by the same audit firm.
8. Although the Authority's accounts were successfully audited and signed off in line with the extended deadlines, the national picture is that a significant majority of audits of local authority accounts did not meet these deadlines.
9. The Department for Levelling Up, Housing and Communities therefore published details of measures to support the improved timeliness of local audit in December 2021. One of the outcomes was to temporarily extend the deadline for the sign-off of audited accounts for 2021/22 to the end of November 2022.
10. In addition, the Chartered Institute of Public Finance and Accountancy (CIPFA) consulted on temporary measures to improve the situation. The result of this consultation was the agreement that the compulsory implementation of the new accounting standard for leases (IFRS 16) would be delayed for two years until April 2024. The Authority therefore intends to delay implementation of the new standard until at least April 2023.
11. The audit plan for 2021/22 is attached at Appendix 1. It is worth noting that the EY team are working to complete their audit testing over the summer with the intention of presenting their audit results report to the Standards and Governance Committee in September 2022 to enable the sign off of the accounts.
12. The audit plan identifies the additional work and testing that EY will need to complete to reflect the changes resulting from the creation of the new combined Hampshire and Isle of Wight Fire and Rescue Authority.

## SUPPORTING OUR SAFETY PLAN AND PRIORITIES

13. The Statement of Accounts and formal sign off by the external auditors is a vital part of the overall governance and reporting arrangements for the



Authority and underpins our Safety Plan and priorities, including delivering value for money in achieving these priorities.

#### COLLABORATION

14. The Authority benefits from economies of scale in the accounts and audit process through the shared services arrangements with Hampshire County Council, the Police and Crime Commissioner for Hampshire and Isle of Wight, and the Hampshire Constabulary. This arrangement means the accounts are prepared by the same finance team using the same accounting system and are then audited by the same audit firm.

#### RESOURCE IMPLICATIONS

15. The Authority's audit arrangements are managed through Public Sector Auditor Appointments (PSAA) Ltd, a national scheme for the appointment of local auditors, with audit fees agreed by PSAA. These audit fees include the scale fee plus any additions agreed by PSAA to reflect additional work in completing the audit.

#### IMPACT ASSESSMENTS

16. Impact assessments have not been required for this report as the production of the report will not result in the implementation of a new change activity and/or introducing or amending a service policy.

#### LEGAL IMPLICATIONS

17. There are no legal implications arising from this report, but the production and sign off of the accounts is required by law.

#### RISK ANALYSIS

18. The audit planning report included at Appendix 1 contains the auditor's own risk analysis and key areas of audit focus that will be brought to the Committee's attention.

#### EVALUATION

19. The finance team preparing the Authority's accounts evaluates the process of preparing the accounts and liaising with the external auditors to identify lessons learned and areas to further streamline and improve the process for future financial years.

## CONCLUSION

20. The challenges with the timeliness of the sign-off of local authority accounts has been well publicised but we will continue to work with EY to achieve a successful outcome within the timescales indicated.

## RECOMMENDATION

21. That the Audit Planning Report from EY be noted by the HIWFRA Standards and Governance Committee

## APPENDICES ATTACHED

22. Appendix 1 – Audit Planning Report

Contact: Catherine Edgecombe, Chief Financial Officer,  
catherine.edgecombe@hants.gov.uk, 03707 796214

A high-angle, close-up photograph of several people's hands and arms gathered around a white table. They are looking at and pointing to various documents and papers spread across the surface. One person in the foreground is wearing a white shirt, another in the background is wearing a yellow shirt. A smartphone is visible on the table. The scene suggests a collaborative meeting or audit planning session.

# Hampshire and Isle of Wight Fire and Rescue Authority Audit planning report

Year ended 31 March 2022

May 2022

Standards and Governance Committee  
Hampshire and Isle of Wight Fire and  
Rescue Authority  
Headquarters  
Leigh Road  
Eastleigh  
SO50 9SJ

11 May 2022

Dear Members

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Standards & Governance Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for Hampshire and Isle of Wight Fire and Rescue Authority, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Standards and Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 26 May 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter  
For and on behalf of Ernst & Young LLP  
Enc

# Contents

01	Overview of our 2021/22 audit strategy	02	Audit risks	03	Value for Money risks	04	Audit materiality	05	Scope of our audit
									
	06	Audit team	07	Audit timeline	08	Independence	09	Appendices	

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Standards and Governance Committee of Hampshire and Isle of Wight Fire and rescue Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Standards and Governance Committee of Hampshire and Isle of Wight Fire and rescue Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Standards and Governance Committee of Hampshire and Isle of Wight Fire and rescue Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.





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01

# Overview of our 2021/22 audit strategy





# Overview of our 2021/22 audit strategy

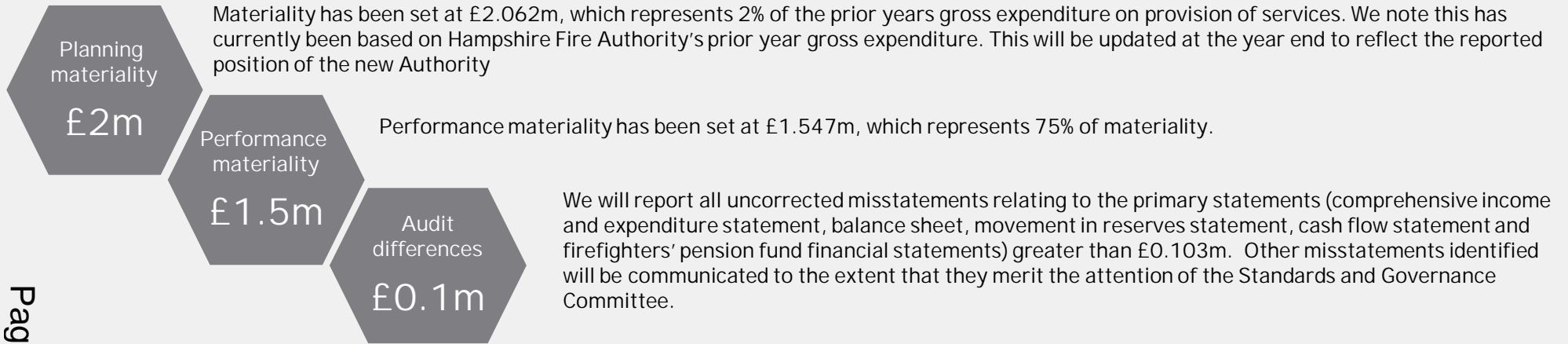
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Standards and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Details
Merger with Isle of Wight Fire Authority	Significant Risk	<p>2021/22 is the first financial year of the new merged Hampshire and Isle of Wight Fire and Rescue Authority. While we were the auditors of the previous Hampshire Fire Authority, we will need to perform audit procedures over the merger process. There will be additional work on a number of areas including:</p> <ul style="list-style-type: none"> <li>- Understanding the transition process, any changes to existing processes and any associated disclosures;</li> <li>- The process identifying 'Opening balances' in compliance with the CIPFA Code's presentation and disclosure requirements;</li> </ul>
Financial statements due to fraud or error	Fraud risk	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Valuation of Land and Buildings	Inherent risk	The valuation of land and buildings included in the financial statements is complex and often includes a number of assumptions and judgements. Enhanced procedures are required to challenge and evaluate key inputs and assumptions.
IAS19 - Pension Accounting	Inherent risk	<p>The Local Authority Accounting Code of Practice and IAS19 require Hampshire and Isle of Wight Fire and rescue Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme.</p> <p>The Authority's pension fund liability is a material estimated balance and the Code requires that this be disclosed on the balance sheet.</p> <p>Accounting for this scheme involves significant estimation and judgement. Due to complexity and size, enhanced procedures are required to challenge and evaluate key inputs and assumptions.</p>

# Overview of our 2021/22 audit strategy

## Materiality





# Overview of our 2021/22 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of the Authority give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised) and the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of the Authority's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements and Value for Money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

# Overview of our 2021/22 audit strategy

## Value for money conclusion

We include details in Section 03 but in summary:

- We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will provide a commentary on the Authority's arrangements against three reporting criteria:
  - Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
  - Governance - How the Authority ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

The commentary on VFM arrangements will be included in the Auditor's Annual Report.

## Timeline

The Ministry of Housing, Communities and Local Government established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years).

In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to extend the deadline for the publication of audited accounts to 30 November for 2021/22.

We are working with the Authority to deliver the audit ahead of 30 November. In Section 07 we include a provisional timeline for the audit.



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# 02 Audit risks



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p>Creation of the new Hampshire and Isle of Wight fire Authority</p> <p>Page 120</p>	<p><b>What is the risk?</b></p> <p>2021/22 is the first financial year of the new Hampshire and Isle of Wight Authority.</p> <p>The CIPFA Code requires a presentation without comparative balances to the previous Hampshire Fire Authority, and as the first transaction of the year to establish the merged opening position for the balance sheet and reserves.</p> <p>We will need to perform some additional procedures over the merger process.</p> <p>This is pervasive to the Financial Statements.</p>	<p><b>What will we do?</b></p> <p>We will:</p> <ul style="list-style-type: none"> <li>• Discuss with management the processes put in place to transition the balances from IoW into the new Authority, and gain and understanding in relation to any change in processes</li> <li>• Perform additional work over the opening balances on the balance sheet to ensure that the balances have been transferred correctly onto the General Ledger. As part of this work, we may need to liaise with the previous audit teams to help us gain assurances over the figures; and</li> <li>• Ensure that any disclosures made within the accounts are in line with the CIPFA Code.</li> </ul>
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## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p>Misstatements due to fraud or error</p>	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<ul style="list-style-type: none"> <li>Identifying fraud risks during the planning stages.</li> <li>Inquiry of management about risks of fraud and the controls put in place to address those risks</li> <li>Understanding the oversight given by those charged with governance of management's processes over fraud</li> <li>Consideration of the effectiveness of management's controls designed to address the risk of fraud</li> <li>Determining an appropriate strategy to address those identified risks of fraud</li> <li>Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements</li> </ul>



## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p><u>Valuation of Land and Buildings</u></p> <p>The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>We have been informed by the Authority that all PPE in relation to the previous Isle of Wight Fire Authority have been re-valued within 2021/22.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Consider the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;</li> <li>• Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);</li> <li>• Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;</li> <li>• Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;</li> <li>• Consider changes to useful economic lives as a result of the most recent valuation; and</li> <li>• Test accounting entries have been correctly processed in the financial statements</li> </ul>
<p><u>Pension Liability Valuation</u></p> <p>The Local Authority Accounting Code of Practice and IAS19 requires the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council.</p> <p>The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 (revised) require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Liaise with the auditors of Hampshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Hampshire and Isle of Wight Fire and Rescue Authority;</li> <li>• Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team;</li> <li>• Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's actuarial model; and</li> <li>• Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.</li> </ul>



# 03

## Value for Money Risks





## The Authority's responsibilities for value for money

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

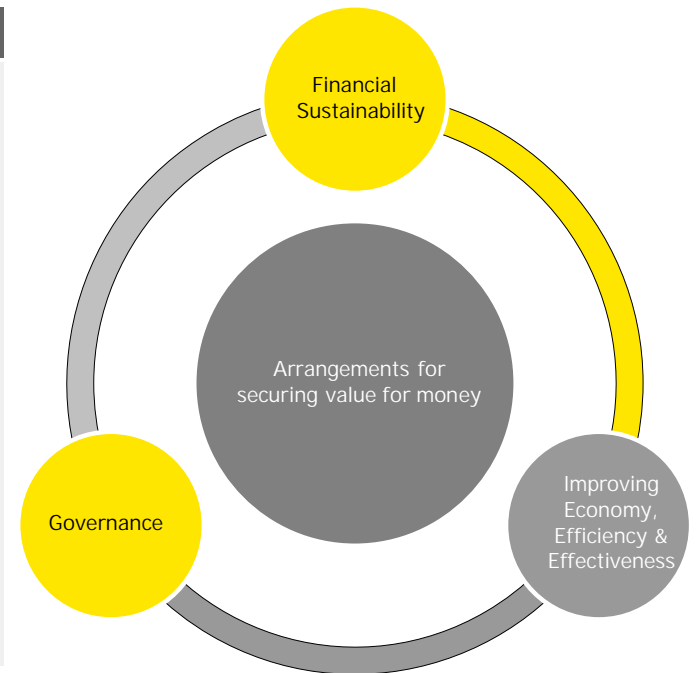
As part of the material published with the financial statements, the Authority is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Auditor responsibilities

Under the NAO Code of Audit Practice we are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Authority ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.







## Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Authority's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Authority's arrangements, we are required to consider:

- The Authority's governance statement;
- Evidence that the Authority's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – the Authority to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on the Authority's reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Authority;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Authority's reported performance;
- Whether the issue has been identified by the Authority's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Authority has had to respond to the issue.



# Value for Money

## Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Standards and Governance committee.

## Reporting on VFM

Where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Authority's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

## Status of our 2021/22 VFM planning

We have yet to complete our detailed VFM planning. We will update the next Standards and Governance Committee meeting on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements.



04

# Audit materiality



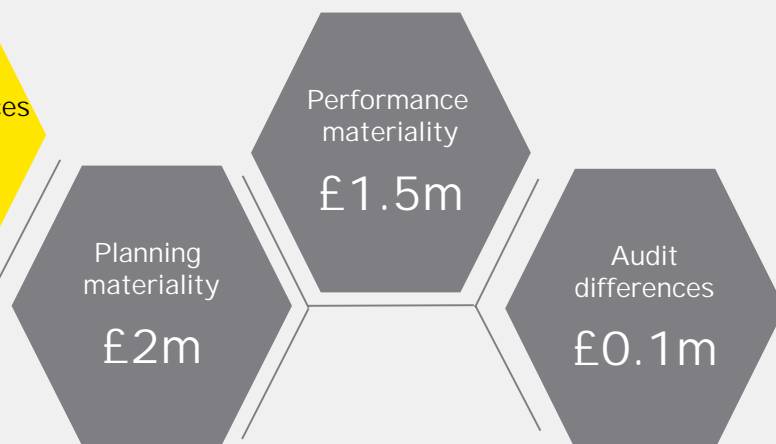
# Materiality

## Materiality

For planning purposes, materiality for 2021/22 has been set at £2m. This represents 2% of the Hampshire Fire Authority's prior year gross expenditure on provision of services. This will be updated at the year end to reflect the new Authority's position. We have provided supplemental information about audit materiality in Appendix C.

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Gross expenditure on provision of services  
**£103m**



## Key definitions

**Planning materiality** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.5m which represents 75% of planning materiality.

**Audit difference threshold** – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and firefighters' pension fund financial statements that have an effect on income or that relate to other comprehensive income.

**Other uncorrected misstatements**, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Standards and Governance committee, or are important from a qualitative perspective.

**Specific materiality** – We have set a materiality of £1k for Officers and Senior Employees Remuneration and audit fee disclosures which reflects our understanding of the sensitivities of these disclosures.

We request that the Standards and Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatements at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures including councillor allowances: we will agree all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.





05

# Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements; and
- where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

Our initial assessment of the key processes across the Authority has identified the following key processes where we will seek to rely on controls, both manual and IT:

- Accounts receivable
- Accounts payable
- Payroll
- Cash and Bank

Hampshire County Council Integrated business centre (IBC), of which Hampshire and Isle of Wight Fire and rescue Authority is a member of, have commissioned an ISAE 3402 type 2 report from EY's Financial Audit IT (FAIT) team. The ISAE 3402 report provides the users of the IBC with assurance over the suitability of the design and existence of controls and on the operating effectiveness of these controls during the financial year.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Standards and Governance Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.





06

Audit team



# Audit team

Audit team structure:

Kevin Suter  
Associate Partner

Sarah Croft  
Senior Manager

Kelly Peachey  
Assistant Manager

Marco Buys  
Senior

EY Actuaries

EY Real Estates

EY Data  
Analytics Team

## Use of specialists

Our approach to the involvement of specialists, and the use of their work.

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Management Specialist - Management's in-house valuation experts EY Specialist - EY Real Estates
Pensions disclosure	Management Specialist - AoN Hewitt PWC (Consulting Actuary to the NAO) EY Specialist - EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

# Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.



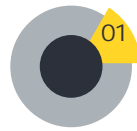
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Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

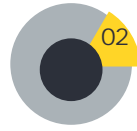
1. Our people are focused on a common purpose. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
  - Right resources – We team with competent people, investing in audit technology, methodology and support
  - Right first time – Our teams execute and review their work, consulting where required to meet the required standard
  - Right reward – We align our reward and recognition to reinforce the right behaviours

### 3. The six pillars of Sustainable Audit Quality are implemented.



#### Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



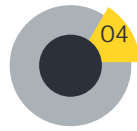
#### Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



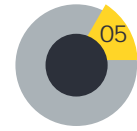
#### Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



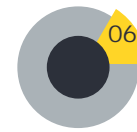
#### Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



#### Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



#### Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are encouraged and empowered to challenge and exercise professional scepticism across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

#### 2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

*“A series of company collapses linked to unhealthy cultures.....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success.”*

Sir John Thompson  
Chief Executive of the FRC





# 07 Audit timeline







# Audit timeline

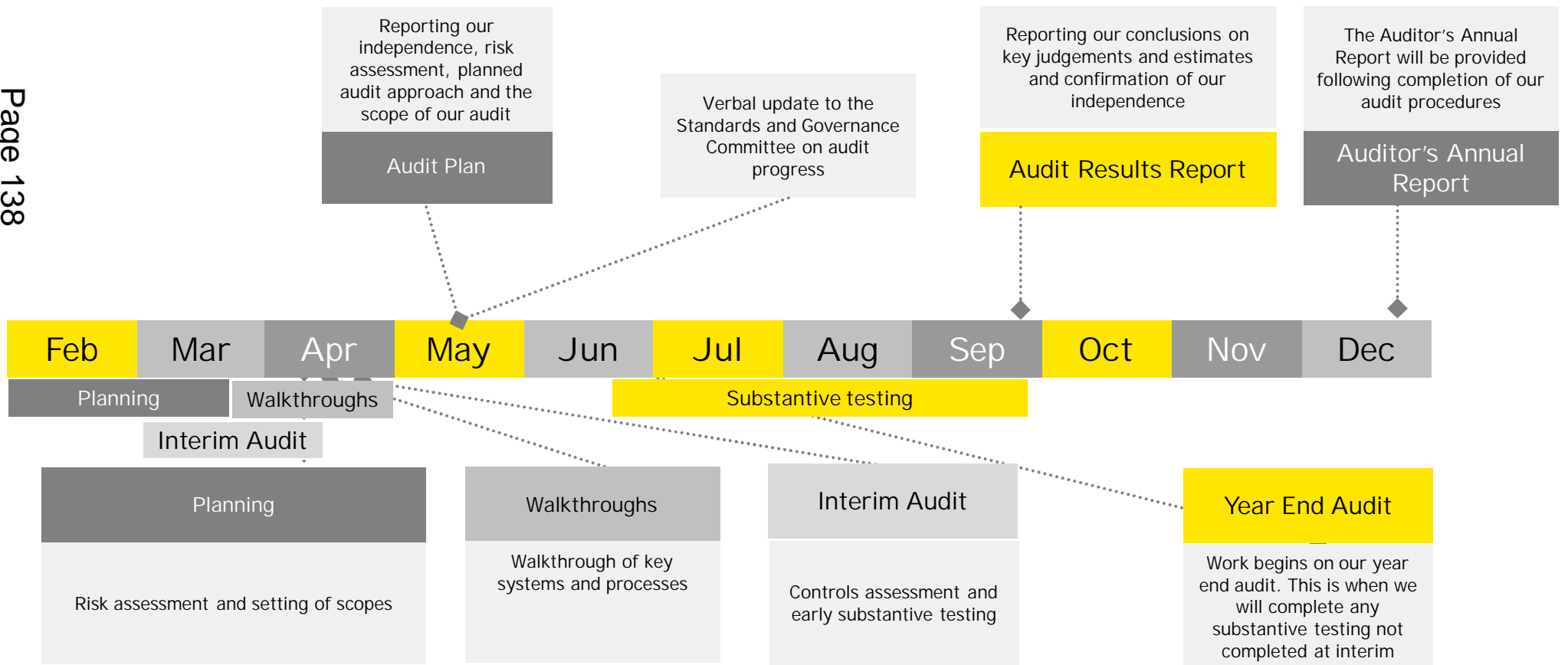
## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the Standard and Governance Committee and we will discuss them with the Standard and Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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08

# Independence





# Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

## Required communications

### Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

### Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.



# Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, your audit engagement partner and the audit engagement team have not been compromised.

## Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we have an investment in the Authority; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees. We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no self interest threats at the date of this report.

## Relationships, services and related threats and safeguards

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

## Other communications

### EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021:

[https://www.ey.com/en\\_uk/about-us/transparency-report-2021](https://www.ey.com/en_uk/about-us/transparency-report-2021)



09

Appendices



## Appendix A

### Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table below.

	Planned fee 2021/22	Note Ref	Proposed Final Fee 2020/21
	£		£
Scale Fee	27,893	1	27,893
Proposed increase to the scale fee due to changes in work required to address professional and regulatory requirements and scope associated with risk	12,899	2	12,899
Scale fee variation - new auditing standard and Value for Money requirements	6,117	3	6,117
IAS 19 protocol fees	1,017	4	1,017
HIOWFRA Merger Consideration	1,670	5	n/a
<b>Total audit</b>	<b>49,596</b>		<b>47,926</b>

Notes: *All fees exclude VAT*

- 2020/21 fee comparators are for the previous Hampshire Fire Authority.
- In our 2019/20 audit to HFRA we set out the basis for a requested rebasing of the scale fees due to changes in regulatory requirements. These are ongoing impacts, therefore, we have continued to include this request based on the same level of inputs. From 2020/21 the fee impact increased by 25%, as PSAA's scale fee rates have increased by 25%. Using the HFRA scale fee as a basis for the HIOWFRA scale fee, they equally apply to the new Authority.
- From 2020/21, there are additional procedures required to satisfy the revised ISAs that have come into effect which may have additional costs, predominantly ISA540. The NAO's Code of Audit Practice 2020 also set out new requirements for our work and reporting on Value for Money. At our planning stage we have continued to include the impact at the lower end of the PSAA's communicated range, submitted in our 2020/21 fee variation proposal.
- Fees are payable by the Pension Fund for the IAS19 protocol. HPF will not pay the fees, therefore, this is charged to each individual body.
- This is an estimated figure for the additional work needing to be performed on the merger arrangements. We will review the estimate on completion of the work.

## Fees

The fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

## Appendix B

# Required communications with the Standards and Governance Committee



We have detailed the communications that we must provide to the Standards and Governance Committee.





		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Standards and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report Auditor's Annual Report



# Required communications with the Standards and Governance Committee (continued)

Required communications	 What is reported?	 When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report
Financial statements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Material misstatements corrected by management</li> </ul>	Audit results report
Subsequent events	<ul style="list-style-type: none"> <li>• Enquiries of the Standards and Governance committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements</li> </ul>	Audit results report
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Standards and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:                             <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ol> </li> <li>• The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>• Any other matters related to fraud, relevant to Standards and Governance Committee responsibility</li> </ul>	Audit results report




# Required communications with the Standards and Governance Committee (continued)

Required communications	 What is reported?	 When and where
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit Results Report





## Appendix B

# Required communications with the Standards and Governance Committee (continued)

Required communications	 What is reported?	 Our Reporting to you
		 When and where
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>• Enquiry of the Standards and Governance committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Standards and Governance Committee may be aware of</li> </ul>	Audit results report
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report

## Required communications with the Standards and Governance Committee (continued)

Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	<ul style="list-style-type: none"> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report
Fee Reporting	<ul style="list-style-type: none"> <li>Breakdown of fee information when the audit plan is agreed</li> <li>Breakdown of fee information at the completion of the audit</li> <li>Any non-audit work</li> </ul>	Audit results report
Value for Money	<ul style="list-style-type: none"> <li>Risks of significant weakness identified in planning work</li> <li>Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.</li> </ul>	Audit results report Auditor's Annual Report

## Additional audit information

### Objective of our audit

Our objective is to form an opinion on the Authority's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Standards and Governance Committee. The audit does not relieve management or the Standards and Governance Committee of their responsibilities.

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Standard and Governance Committee reporting appropriately addresses matters communicated by us to the Standards and Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

## Additional audit information (continued)

### Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> <li>• Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.</li> <li>• Examining and reporting on the consistency of consolidation schedules or returns with the Authority's audited financial statements for the relevant reporting period</li> </ul>
Other procedures	<ul style="list-style-type: none"> <li>• We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice</li> </ul>

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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ED None

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards and Governance Committee**

Purpose: Noted

Date: **29 July 2022**

Title: **ORGANISATIONAL RISK REGISTER UPDATE**

Report of Chief Fire Officer

### SUMMARY

1. This paper reports to the Standards and Governance Committee (S&G) on the revised status of our Organisational Risk Register (Appendix A) in line with our Risk Management policy and procedure. To embed and strengthen internal governance of risk management, this report enables the Fire Authority to scrutinise the Organisational Risk Register through delegated authority to the Standards and Governance Committee.
2. Since the Standards and Governance Committee last met, the Executive Group (EG) continues to scrutinise existing and emerging organisational risk. Two new risks - both financial - have been added to the Organisational Risk Register taking the total number of risks to ten. The new risks are:
  - i. Rise of the cost of living increasing the costs of goods and services
  - ii. Pay and price inflation lead to overspends on the capital and revenue budgets that cannot be managed within the available resources of the service

### BACKGROUND

3. The Organisational Risk Register is part of the Service's Risk Management Framework and the FRA's Safety Plan. The register enables effective management of the Service's strategic risks that may affect our ability to meet the Safety Plan's priorities.

4. The EG is responsible for risk management across the organisation and routinely reviews and scrutinises the Organisational Risk Register as required. It manages risk by:
  - ensuring the practice of effective risk management is fully embedded through the organisation
  - scrutinising the Organisational Risk Register to manage risks which could impact the functioning of the organisation, and identify potential opportunities for service improvement
  - deciding what risks are logged on the Organisational Risk Register, either through escalation from Directorate Risk Registers or new risks, setting the risk score and the risk tolerance level for each risk
5. This spring, Service governance and risk management arrangements were independently audited by the Southern Internal Audit Partnership (SIAP). SIAP found HIWFRS arrangements are “reasonable” and that *“there is a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”*
6. The partnership made four recommendations which have been considered and accepted. Three are minor and technical in nature: clarifying our procedures (e.g. documenting scoring methodology), ensuring information gaps in the risk management system are filled and requiring risk managers to periodically provide ‘positive’ assurance that they have managed their risks and mitigating actions.
7. Of substance is to factor into the Service’s Risk Management Framework the **risk appetite** (the amount of risk the organisation is willing to accept whilst trying to deliver its objectives) or **risk tolerance** (the degree of variation or the maximum level of risk that is acceptable) levels of the Service. In SIAP’s professional opinion, without formally defining or adopting the risk appetite of the organisation and what level of risk is tolerated, it is not possible to assess whether the mitigating actions bring the management of risk to an acceptable level. We will progress this work and update the Health and Safety Committee once complete.

#### AMENDMENTS AND UPDATES

8. In June, a full review of the Organisational Risk Register was carried out. It was agreed that all eight existing risks should remain on the risk register, albeit with a review of the inherent and residual assessments in some cases. Each risk’s mitigations were reviewed to ensure ongoing work captured. To note:



- i. ORG0024: Death of an employee at work in the course of their duties

We will consider lowering the inherent assessment's likelihood rating to "unlikely," reflecting the ongoing work to make firefighting as safe as possible, albeit never risk-free.

- ii. ORG0027: Insufficient staff available for BAU

We will amend the risk to ensure it's framed around business as usual rather than COVID.

- 9. As said above, it was agreed to add two new risks onto the risk register:

- i. Rise of the cost of living increasing the costs of goods and services

- 10. We are cognisant of national and global external factors which are significantly increasing inflation, which in turn is raising the cost of living including fuel and other provisions/services. This risk will impact both communities and the organisation.

- 11. Community impacts could include a change to our risk profile, with increase in all incident types, including more unsafe behaviours relating to heating and cooking. Each local authority may respond differently, thereby creating different risk profiles across our geographical area. Demand could also increase on primary care and other partners (health inequalities widened) leading to an increase in request for support.

- 12. Organisational impacts could see a higher turnover of staff with Green Book staff seeking higher paid employment elsewhere, challenges recruiting to temporary roles and Grey Book staff retiring earlier than profiled. We may also see a detrimental impact on all aspects of wellbeing, potentially increasing sickness, and our ability to provide services. We will also face higher costs which may impact maintenance and improvement plans due to increase in raw materials.

- ii. Pay and price inflation lead to overspends on the capital and revenue budgets that cannot be managed within the available resources of the Service

- 13. As above, external factors are continuing to increase inflation and we are going to receive further pressure for higher Green and Grey book pay awards. The risk is either that we will need to overspend our planned budget or scale back activities to live within the available budget.

- 14. We have robust financial management arrangements in place to monitor pressures on the Service's budget. This fiscal year we have also budgeted an inflation contingency.

15. As we previously reported, we have now successfully implemented our new risk management system (JCAD) and all legacy risk registers are being closed. We are working with directorates to further enhance understanding of the system to manage risk effectively across the Service.

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

16. In supporting our Risk Management Framework, the Organisational Risk Register ensures we remain focussed on delivery against our Safety Plan priorities. The safety plan is now entering year three of five, and this risk register continues to assist in mitigating these risks to ensure effective service delivery.

#### RESOURCE IMPLICATIONS

17. There are no specific financial implications from the contents of this paper. Any financial impacts of future control measures would need to be assessed against the related risks and opportunities. Any plans with financial implications will be subject to appropriate review and governance.

#### IMPACT ASSESSMENTS

18. There will be no negative environmental impacts associated with the adoption of this paper. The Organisational Risk Register ensures we consider emerging issues through changes in climate, and these are accounted for in our prevention and response controls.
19. The implementation of the Organisational Risk Register will have no negative people impacts. However, through a more effective approach to identifying, assessing, and mitigating risks to our communities, a positive impact will be achieved through better understanding of protected characteristics within our communities and support our workforce.

#### LEGAL IMPLICATIONS

20. The requirement for each Fire and Rescue Authority to have an Integrated Risk Management Plan is set out within the National Framework for Fire and Rescue Services, made under the Fire and Rescue Services Act 2004.
21. The Organisational Risk Register, as part of our Risk Management Framework, will ensure our integrated risk management process is driving our priorities.

## RISK ANALYSIS

22. The Risk Management Framework provides a consistent and robust approach to the identification, analysis, and treatment of internal and external risks. This, in turn, ensures that major threats and opportunities are considered and managed appropriately, with adequate control measures implemented.

## EVALUATION

23. The Organisational Risk Register will provide the appropriate prioritisation of risk management, and ensure risks are professionally managed and governance of plans and activities undertaken. The day-to-day management of those risks through the Executive Group, and accountability through Directorate Plans, ensures a risk management culture that will be overseen and scrutinised by Directors.

## CONCLUSION

24. Our Risk Management Framework supports the identification of external risks and internal risks through the Hampshire and Isle of Wight Fire and Rescue Service Safety Plan, therefore ensuring a proactive risk management culture. This report supports that continual monitoring and application of that framework.

## RECOMMENDATION

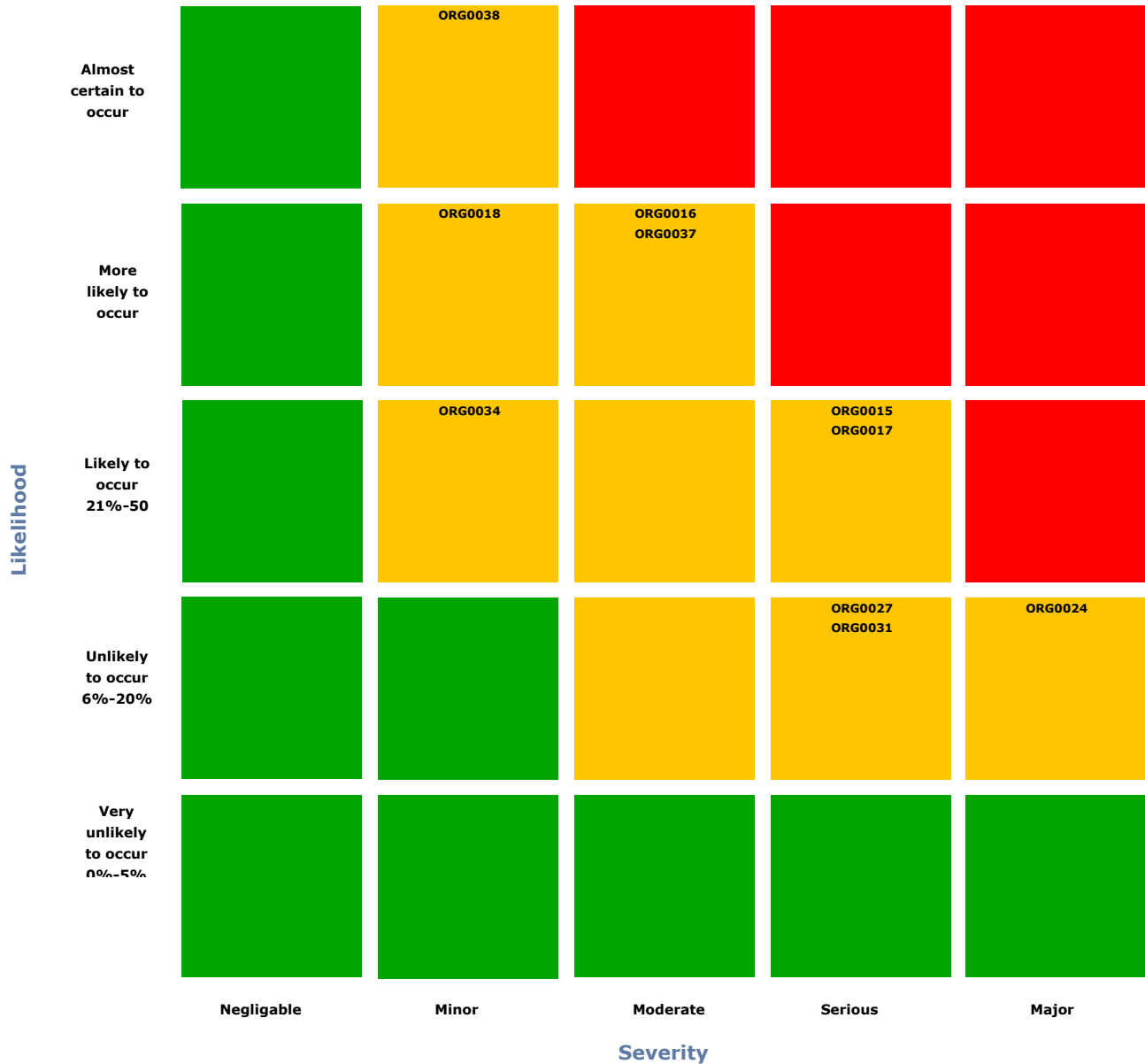
25. The HIWFRS Organisational Risk Register status under the delegated management of the Chief Fire Officer is noted by the HIWFRA Standards and Governance Committee

## APPENDICES ATTACHED

- A. Organisation Risk Register Heat Map

Contact: Shantha Dickinson, Deputy Chief Fire Officer,  
Shantha.dickinson@hantsfire.gov.uk, 07918 887986

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## Detailed Risk Information

Current Risk Rating	Risk Ref	Description of Risk	Owner	Review Date
12	ORG0015	Successful attack on our ICT infrastructure, impacting the access and functionality of our ICT network.	Matt Robertson	28/07/2022
12	ORG0016	Reduced central government funding	Catherine Edgecombe	05/10/2022
12	ORG0017	Fire Ground Contaminants leading to ill health in work force	Stew Adamson	01/10/2022
12	ORG0037	Rise of the cost of living increasing the costs of goods and services	Shantha Dickinson	06/09/2022
10	ORG0024	Death of an Employee at work in the course of their duties	Shantha Dickinson	16/09/2022
10	ORG0038	Pay and price inflation lead to overspends on the capital and revenue budgets that cannot be managed within the available resources of the service	Catherine Edgecombe	21/09/2022

## Detailed Risk Information

Current Risk Rating	Risk Ref	Description of Risk	Owner	Review Date
8	ORG0018	Sub-optimal data quality in some areas owing to systems and processes impacting on decision making.	Shantha Dickinson	01/10/2022
8	ORG0027	Insufficient staff available for delivery of critical services	Shantha Dickinson	16/09/2022
8	ORG0031	Reduced wellbeing and resilience within workforce	Molly Rowland	06/09/2022
6	ORG0034	Failure to respond to the impacts of the McCloud pension remedy	Catherine Edgecombe	05/10/2022



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards and Governance Committee**

Purpose: Approval

Date: **29 July 2022**

Title: **IMMEDIATE DETRIMENT**

Report of Chief Financial Officer

### SUMMARY

1. This report provides an update on the Immediate Detriment Framework (IDF) by way of a Memorandum of Understanding (MoU) issued jointly by the Local Government Association (LGA) and the Fire Brigade Union (FBU) on 8 October 2021 and the withdrawal of the informal Immediate Detriment guidance by the Home Office on 29 November 2021.
2. The report recommends the continued suspension of the framework due to unacceptable risks to the Authority and Members that would be the result of processing Immediate Detriment claims at the current time.
3. The report also provides an update on the issue of incorrect historical pension contribution rates for former members of Isle of Wight Fire and Rescue Service and recommends a resolution.

### BACKGROUND

4. The McCloud pensions remedy to remove age discrimination from the reformed public sector pension schemes will be implemented by October 2023. This will mean that on retirement eligible members will be able to choose to receive benefits from the legacy scheme or the reformed scheme for the period 2015 – 2022. This will apply to employees as they retire and to pensioners who were affected by the 2015 pension changes. Immediate Detriment (ID) refers to the ability to access the benefits of legacy schemes in advance of the October 2023 legislation.

5. In February 2021, HIWFRA started to accept Immediate Detriment (ID) cases on a case-by case basis. Each case was assessed and where it was deemed to be clear and straightforward then the member was offered ID at the point of their retirement. Although this was not a complete remedy it meant that ID could be offered in most cases. Several cases were processed using the Home Office guidance that was available.
6. On 8 October 2021, the LGA and the FBU issued a Joint Statement and published an MoU. Its purpose was to provide a framework under which members in scope could receive benefits prior to all remedying legislation being in force, therefore avoiding significant additional numbers of Immediate Detriment legal claims as a result of the McCloud age discrimination case. This framework not only permitted upcoming prospective retirements (Category 1 cases) to receive remedy, but also allowed members who had already retired and were already receiving a pension to receive retrospective remedy (Category 2 cases).
7. On 27 October 2021, HM Revenue and Customs (HMRC) published a policy intention note with regard to new legislation that would be effective from 6 April 2022. This specifically affects retrospective remedy payments where the date of retirement is more than 12 months ago, and this triggers the late payment timing condition which makes the payment unauthorised and incurs a 55% tax charge. The new legislation would deem such payments to be authorised for purposes of the McCloud remedy.
8. This caused some issues and these raised questions over funding. The IDF makes these unauthorised payments as compensation to the member which means that the FRA would have to pay for this until such time as the legislation was in force. There was an additional concern about whether funding would be provided for payments occurring before 6 April 2022.
9. Although HIWFRA had been processing Immediate Detriment cases for members that had upcoming retirements since February 2021, on 16 November 2021, HIWFRA adopted the IDF in full and started to accept applications from members. The framework was adopted with the knowledge about the HMRC policy intention.
10. On 29 November 2021, the Home Office then withdrew its informal guidance on ID with immediate effect. HM Treasury (HMT) and HMRC have cited issues with the interpretation of the powers in Section 61 with regard to pension contributions and that they had also not anticipated the extent of the complexities involved with the tax issues (e.g. tax relief and Annual Allowance).



11. In principle, HIWFRA along with other Fire Authorities could continue to process Immediate Detriment cases using the MoU. However, due to the significant risks and lack of clarity, the Framework was suspended by an urgent decision from the Chief Financial Officer.
12. The framework remains suspended, with a delegation in place (February 2022 HIWFRA) for the Chief Financial Officer in consultation with the Chairman of the Authority, Chairman of Standards and Governance and the Chief Fire Officer to make necessary decisions about Immediate Detriment in the interim, including decisions to apply immediate detriment in very exceptional circumstances where significant hardship could be caused by not applying it.
13. This report provides an update on the latest advice on Immediate Detriment and recommends the continued suspension of the Framework. The next section covers the issue that led to the withdrawal of Immediate Detriment guidance by the Home Office, section 61 of the Equality Act 2010.

#### SECTION 61 EQUALITY ACT 2010

14. Any correction to members pension benefits by providing remedy prior to legislation being in force is completely dependent on an interpretation of how Section 61 of the Equality Act 2010 operates. This is based on the view that Section 61 permits pension scheme regulations to be read as though discriminatory provisions do not apply, allowing members in this position to be treated as a member of their legacy scheme.
15. HMT and HMRC have carried out some further work and it now appears that Section 61 may not give all the powers required to operate the remedy smoothly and predictably, without generating significant uncertainty for schemes, and risking significant second or third adjustments for individuals.
16. Because of this, HMT's current view is now that ID cases, including those yet to retire, cannot be processed before legislation is in place without considerable risk, cost, uncertainty and administrative burdens for individuals, schemes and employers.
17. This risk has become more apparent over time, as HMT and HMRC have worked through the McCloud remedy and its tax consequences in more detail.
18. For example, where an individual's situation is corrected before legislation is in place, analysis at this point suggests it is not certain that Section 61 will allow contributions paid in the past to reformed schemes to be treated as though they were paid into legacy schemes. This could in turn call into

question the tax relief that a member will have received on contributions that they had paid into the reformed Scheme.

19. Whilst section 61 permits individuals affected to be treated as members of their legacy scheme, given the uncertainty around how it operates on some of the detailed elements of the McCloud remedy, HMT and Home office do not advise that Schemes process ID cases before the legislation is in place. This is due to uncertainty on how to proceed on some elements, and the significant risk of generating unintended tax consequences that may, to a greater or lesser extent, then need to be reversed once legislation is in force.
20. It is also important to note that if Schemes process cases and run up against tax issues which are not straightforward to resolve – because the situation is either ambiguous under current rules due to uncertainty about how Section 61 acts on some elements, or the current rules generate unwelcome tax outcomes – they will have to operate within the existing tax legislation and HMRC will not be able to help resolve those issues. This may mean that individuals could face unwanted tax bills and/or corrections to their tax affairs, which may then need to be corrected again once the legislation is in place.
21. In addition to this, the Home Office have confirmed that as the Government does not advise that ID cases should be processed in advance of the legislation coming into force, they will not be in a position to provide any additional funding for those costs which are paid outside of the pension account. Therefore, these will need to be funded locally by the FRA from local budgets.

#### RISKS FOR THE FIRE AUTHORITY

22. Section 61 permits paying arrears of pension & lump sum for category 2 cases (retrospective retirements) but does not resolve the issues around tax and contributions.
23. The FRA retains powers to make compensation payments as an employer to members (e.g. interest on contributions, refund of contributions, contribution holiday payments, unauthorised tax charges where lump sum more than 12 months after retirement, additional PAYE paid on arrears of pension etc) but none of these payments will be recompensed by the Home Office.
24. There is no guarantee that further tax liabilities will not arise leading to further claims for compensation. There is no way to establish how much any

additional costs would be. These additional claims would not be recompensed by the Home Office.

25. An FRA may use its powers to make compensation payments, but if these are not exercised reasonably and properly, then claims could be brought against the FRA. It is recommended that where the FRA decides to use these powers, then specific legal advice for the individual FRA should be sought on the risks of any threatened claims because the likely outcome will depend on the facts for the specific claim and remedies sought.
26. Although the LGA will continue to work with Bevan Brittan on recovering costs including under the New Burdens doctrine or similar, there is absolutely no guarantee that they will be successful and FRAs should assume that there will be no funding to cover these costs.
27. Latest advice from the NFCC (25th March 2022) is that Immediate Detriment should not be applied.

#### RISKS FOR THE MEMBER

28. Section 61 does not allow contributions that were paid to one scheme to be simply moved to another scheme.
29. Where a member is currently in 2015 scheme and will move back to 1992 scheme, they will have underpaid contributions. HMT now state that any tax liability (i.e. tax relief) may now in the event not be able to be retrospectively made good by remedying legislation. This means that the member may not be able to claim tax relief and may be liable for late payment and interest charges.
30. The member may also not be entitled to the tax relief that they received on the contributions that were paid into the 2015 scheme and this may have to be repaid by the member. This could mean that the member will have a personal tax liability of an unknown amount that would be due once the remedying legislation is in place.
31. Members are understandably keen to access their remedied benefits. The issues are extremely complex and there is a real risk that members may make decisions without a full understanding of the potential risks and benefits.

## CONTINUED SUSPENSION OF IMMEDIATE DETRIMENT FRAMEWORK

32. For the reasons set out in this report, it is recommended that the framework continues to be suspended. The continued suspension will allow maximum flexibility for Immediate Detriment to be restarted once the necessary conditions are in place.
33. It is possible that draft legislation will provide sufficient information to allow the processing of Immediate Detriment cases to continue while managing the risks to the Fire Authority and members. The impact of any developments will be assessed and updates will be provided to the Standards and Governance Committee as appropriate.

## HISTORICAL CONTRIBUTIONS RATES

34. As part of the transfer to the CFA, it came to light that employee pension contribution rates had not been applied correctly to loW retained firefighters for the period 1 April 2012 to 31 March 2021. The contributions rates applied had been based on the actual part time pay, rather than assessed by using the whole time equivalent reference pay for a retained firefighter. This meant that these members had not been paying enough pension contributions.
35. The contribution rates were corrected from 1<sup>st</sup> April 2021.
36. However, in total 109 members underpaid contributions over some or all of the 9 year period between 1 April 2012 to 31 March 2021. The total amount of underpaid employee pension contributions is £69,506.57 and is split over the various years as shown in the table below:

Year	Number of records	Total amount	Average amount per record
2012/13	44	£1,816.24	£41.28
2013/14	53	£3,832.67	£72.31
2014/15	63	£5,876.57	£93.28
2015/16	81	£5,309.30	£65.55
2016/17	72	£11,045.86	£153.41
2017/18	61	£9,707.47	£159.14
2018/19	66	£9,353.50	£141.72
2019/20	71	£11,770.88	£165.79
2020/21	63	£10,794.08	£171.33
<b>TOTAL</b>		<b>£69,506.57</b>	

37. The firefighters could not reasonably have known that they were underpaying pension contributions and all pension contribution rates are now correct. Although the total sum of underpaid contributions is

considerable, the amounts for individual firefighters are small and would be administratively complex to collect. The underpayments date back several years and cover current employees, pensioners and deferred members. Therefore, it is recommended that the underpaid sums are covered by the Fire Authority i.e. not recovered from individual members.

38. The Firefighters Pension Board were also supportive of this recommendation. Following the decision of the Standards and Governance Committee affected members will be contacted to advise them of the decision.

### CONSULTATION

39. The Firefighters Pension Board were consulted on the proposed approach at their meeting on 19<sup>th</sup> April 2022. The board members expressed their frustration at the lack of progress in resolving the McCloud Pensions remedy and their concern about the impact on individuals. They noted their support for the efforts of the Local Government Association to achieve a swift resolution to the issues. However, given the current uncertainty surrounding the tax position, they were supportive of the continued suspension of the Framework.

### RESOURCE IMPLICATIONS

40. There are no resource implications of continuing with the suspension of the Framework. The resource implications of any different courses of action will be considered as part of any future decisions, with approval sought in line with Financial Regulations.
41. The continued suspension mitigates potential significant and unquantifiable costs to pension scheme members and the Fire Authority.

### CONCLUSION

42. The Fire Authority would like to process Immediate Detriment cases as soon as this is possible. The risks outlined in this report mean that Immediate Detriment cases cannot currently be processed.
43. As soon as there are any developments, such as draft legislation, officers will review to assess whether the processing of Immediate Detriment cases can resume.

## RECOMMENDATIONS

44. That the continued suspension of the Immediate Detriment Framework be approved by the HIWFRA Standards and Governance Committee
45. That the recommendation not to recover underpaid pension contributions relating to the specific historical pension contribution rate issue be approved by the HIWFRA Standards and Governance Committee

## BACKGROUND PAPERS

HIWFRA Standards and Governance - [Immediate Detriment Framework 16th November 2021](#)

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Standards & Governance Committee**

Purpose: Noted

Date: **29 July 2022**

Title: **FIRE PENSION BOARD ANNUAL REPORT (2021/22)**

Report of Chief Financial Officer

### SUMMARY

1. This is the annual report from the Fire Pension Board to the Standards and Governance Committee and summarises the work of the Board for the 2021/22 financial year in the exercise of its functions.
2. This report provides an update on the progress of key issues during the reporting period.

### PENSION BOARD MEETINGS

3. The Pension Board met periodically, holding four meetings, during the 2021/22 financial year:
  - (a) 15 April 2021
  - (b) 20 July 2021
  - (c) 14 October 2021
  - (d) 25 January 2022
4. Due to the new Combined Fire Authority of the Hampshire and Isle of Wight Fire and Rescue Authority (HIWFRA) coming into effect from 1 April 2021, the Pension Board was increased in membership from six members to eight members.
5. Two new members who were previously members of the Isle of Wight Firefighters Pension Board joined the board at the April 2021 meeting. As this meeting was also the first of the newly combined authority, elections for chair and vice chair took place.

6. The July meeting saw the re-election of Stew Adamson to Chairman and Richard North to Vice-Chairman. Both will hold the position until the first meeting of the Fire Pension Board following the annual meeting of the Fire Authority in 2022.
7. The key items covered at these meetings are as follows, more detailed information about each of these items can be found later in the report.
  - (a) Statutory reporting
  - (b) Surveys
  - (c) Communications
  - (d) Legislation update
  - (e) Temporary Promotions and Additional Pension Benefits
  - (f) Risk review
  - (g) McCloud remedy and Immediate Detriment
8. The pension board status and other associated reports can be found in APPENDICES A – I.

#### STATUTORY REPORTING

9. There are a number of statutory reporting events that occur during the Scheme Year all with legislative deadlines.

#### ACCOUNTING FOR TAX

10. Accounting for Tax (AFT) is the way that tax charges are reported to HMRC, these occur when certain types of payments are made to members of the Fire Pension Scheme. These are reported and paid quarterly, the exception to this is Annual Allowance tax charges as they have different deadlines.

<b>Type of payment</b>	<b>Amount paid</b>
Annual Allowance tax charge Q3 2020/21	£139,941
Annual Allowance tax charge Q4 2020/21	£29,023
Life Time Allowance tax charge Q1 2021/22	£170,823
Life Time Allowance tax charge Q2 2021/22	£11,512
Tax deducted from refunds Q2 2021/22	£34
<b>Total paid to HMRC</b>	<b>£351,333</b>

#### EVENT REPORTING

11. In April 2021, the details of the Event Reporting for the 2019/20 tax year were reported to the Board. These are specific events that occur, primarily upon retirement when benefits are crystallised and incur a tax charge. They are reported to HMRC by the 31 January, following the end of the tax year.



<b>Type of payment</b>	<b>Amount paid</b>
Event 1 – Unauthorised payment tax charge	£85,552
<b>Total paid to HMRC</b>	<b>£85,552</b>

#### ANNUAL BENEFIT STATEMENTS

12. The statutory deadline for issuing Annual Benefit Statements (ABS) is 31 August each year. The Board heard that the 2021 deadline was met and that 100% of ABS' for both active and deferred members across all Fire Pension Schemes were published and available to view via the Member Portal.
13. The Employer Pension Manager has been involved with providing feedback to Hampshire Pension Services with regard to improvements, wording and consistency for the 2022 statements.

#### PENSION SAVINGS STATEMENTS

14. The statutory deadline to provide Pension Savings Statements is 6 October each year. A Pension Savings Statement is automatically sent to a member where they have exceeded the standard Annual Allowance in the year but can be sent to any member upon request.
15. There were 23 Pension Savings Statements issued to members of the Hampshire Fire Pension Schemes for 2020/21 and of those, 11 had taxable excesses.
16. It was reported to the Board that all members fell under the Mandatory Scheme Pays option and therefore these members have until 31 July 2022 to elect to use Scheme Pays if they so wish.

#### THE PENSION REGULATOR (TPR) SCHEME RETURNS

17. It was reported to the Board that the Employer Pension Manager completed the annual pension scheme returns for The Pension Regulator (TPR). This survey requires information to be submitted about scheme membership numbers, details of the scheme manager, Fire Pension Board members, details of the administrator and other relevant contact details.
18. TPR also require data scoring which consists of common data and scheme specific conditional data. The common data score is made up of things like personal data such as name, address, date of birth etc, while the scheme specific data score varies from scheme to scheme and for Fire would include specific things such as membership data including any transfer in details, CPD, temporary promotions etc.

19. The table below shows the scores for year ending 31 March 2020 and the latest year 31 March 2021, which shows that improvements have already been made across most areas.

The Pension Regulator Scheme Returns - FIRE Schemes						
Year end	31/03/2020					
TPR Scheme Return	December 2020					
Scheme	Actives	Deferreds	Pensioners	Beneficiaries	Common Data Score	Conditional Data Score
1992 Fire Pension Scheme	53	68	831	136	98%	92%
2006 Fire Pension Scheme	13	411	43	4	88%	98%
2006 Modified Fire Pension Scheme	15	38	73	3	98%	90%
2015 Fire Pension Scheme	1,057	443	5	7	98%	97%
<b>Total</b>	<b>1,138</b>	<b>960</b>	<b>952</b>	<b>150</b>		
Year end	31/03/2021 (Includes all IOW membership numbers and in the data scoring)					
TPR Scheme Return	November 2021					
Scheme	Actives	Deferreds	Pensioners	Beneficiaries	Common Data Score	Conditional Data Score
1992 Fire Pension Scheme	61	70	945	162	98.71%	95.51%
2006 Fire Pension Scheme	11	440	62	7	95.45%	98.00%
2006 Modified Fire Pension Scheme	22	48	100	6	97.73%	93.18%
2015 Fire Pension Scheme	1,209	557	9	8	98.23%	96.77%
<b>Total</b>	<b>1,303</b>	<b>1,115</b>	<b>1,116</b>	<b>183</b>		

## RISK REVIEW

20. There are a variety of items in pension administration and governance which contain elements of risk to varying degrees. Risks are captured through a variety of ways; some are on the risk register, while others are picked up as part of the regular horizon scanning that the Employer Pension Groups do.
21. These groups are now well established, meeting regularly and include representatives across the board from pensions, HR, finance and others.
22. The Board review the risk register at each meeting and during the 2021/22 year no amendments have been required. This is likely to change going forward as both the McCloud age discrimination remedy and the Matthews / O'Brien part time workers judgement gain traction and progress.

## COMMUNICATION

23. The Board heard that four pension presentations had been made to new recruits and the Employer Pension Manager had also delivered pension presentations at three pre-retirement courses over the year.

## MEETINGS

24. The Board were pleased to note that the HIWFRA is represented widely in the fire sector as the Employer Pension Manager attends a number of national and local meetings, including the Fire Communications Working Group, the Fire Technical Group, the South East Fire Pension Officers Group. She also attends the fortnightly Fire Pension online coffee mornings.
25. The Employer Pension Manager is also a member of the Local Pension Board Effectiveness Committee which is one of the three SAB sub committees. And more recently has accepted an invitation made by the Home Office to join the Cross Whitehall Project Management Group for the McCloud remedy.

## MEMBER PORTAL

26. At the January 2022 meeting it was reported to the Board that the overall fire pension scheme membership, taking into account active, deferred and pensioner members stood at 34.89%, with 47.68% of the active membership registered for the portal.
27. Hampshire Pension Services have now changed some processes so that new members and those retiring are required to sign up for the Pensions Member Portal.

## COMBINED FIRE AUTHORITY

28. The Board heard how the transfer of the pension and payroll data from Isle of Wight Council (IWC) to the IBC Shared Services payrolls and to Hampshire Pension Services was completed on time with no major issues. There were however two issues which were identified as set out below.

## HISTORICAL CONTRIBUTION RATES

29. It was reported to the Board that an issue affecting all IOW on-call / retained firefighters that were employed and in a pension scheme between 1 April 2012 and 31 March 2021 had been identified. Contribution rate bandings were determined by actual pay, rather than by the whole time equivalent reference pay based upon grade, meaning that members had underpaid their employee contributions.
30. The Board heard that in total 109 members had underpaid contributions over the 9 year period and that the total amount of the underpaid employee pension contributions was £69,506.57; and that the value of these missing contributions was required to be paid by HIWFRA to the pension scheme.

## 2006 MODIFIED FIRE PENSION SCHEME

31. The other issue that was notified to the Board was regarding the 50 2006 Modified Fire Pension members that transferred from the IWC.
32. A complete audit was carried out on the data and pension records resulting in a range of issues being identified for 39 members, some were found to have incorrect initial calculations and there were also a variety of underpayments and overpayments. There were only 6 members that were considered to be of a material amount.
33. The Board were pleased to note that all the necessary communications and corrections had taken place and where applicable payments plans put in place to recover overpayments of annual pensions.

## TEMPORARY PROMOTIONS AND ADDITIONAL PENSION BENEFITS

34. There was an amendment to legislation on 1 July 2013 which allowed individual FRAs to decide whether the additional pay received because of a temporary promotion for 1992 and 2006 schemes was pensionable or not. Legislation means that temporary promotions within the 2015 Scheme are not pensionable.
35. In 2016, HFRA took the decision to make temporary promotions within the 1992 and 2006 schemes pensionable, which meant that firefighters would now earn an Additional Pensionable Benefit (APB) whilst on Temporary Promotion.
36. The maximum cost envelope as agreed by HFRA of the estimated costs for the 41 protected members in the relevant cohorts were £256,000 for lump sums and £35,700 a year for annual pensions.
37. Up to 2020/21 there had been 29 retirements and it was reported to the Board that the differences that have been paid out so far for these members were broadly in line with the estimated figures prepared in 2016.
  - (a) Total of all lump sum differences paid are £244,588.75
  - (b) Annual pensions differences paid for 2020/21 are £32,138.95
38. The remaining 12 members are still in employment and could retire at any point. There are a number of factors which could mean that the estimated figures might be exceeded:
  - (a) A different retirement date to the one used in the estimate
  - (b) Pay increases since 2016 to date of retirement

- (c) A protected and unbroken period of temporary promotion which continues until date of retirement
  - (d) The increase in the commutation factors for the 1992 scheme that came into effect in October 2018.
39. It was reported to the Board that two of the retirements in the 2020/21 had significantly different retirement figures when compared to the estimates calculated in 2016. These increases were mainly due to the career grade progression making the difference to the substantive grade greater.
40. Revised estimates were carried on the remaining members and the Board were notified that we would be seeking approval from the Fire Authority to increase the cost cap on lump sums by £35,000 to £291,000 and on annual pensions by £3,000 to £38,700.

### CONSULTATION

41. The Home Office launched a consultation on the draft legislation for the Public Service Pensions & Judicial Offices (PSP&JO) Bill on 8 November 2021 with a closing date of 2 January 2022.
42. This is the primary legislation required for the removal of future age discrimination in Public Service Pension Schemes as part of the McCloud age discrimination remedy. The Bill closes all public service legacy pension schemes on 31 March 2022 and moves all remaining members into the 2015 scheme from 1 April 2022. The Bill also contains some other minor amendments to the legalisation, but these are all broadly in line with what was expected.
43. A response to the consultation was submitted by the Pension Board on behalf of the HIWFRA.

### MCCLOUD AGE DISCRIMINATION REMEDY

44. There have been many developments that were reported to the Board over the course of the year. A Project team was formed for Hampshire Pension Services, and a separate group, the McCloud Remedy Working Group, which is a cross departmental and cross organisational group was also formed to ensure that resources and processes are streamlined and consistent across the Shared Services.
45. It was reported to the Board that the Government had published its response to the consultation which although left a lot of questions, it did go some way to confirming some key messages which we were able to communicate to members via Routine Notice.

46. The Board were keen that we offer Immediate Detriment to members coming up to retirement, and at the start of the year HIWFRA made the decision to offer this on a case by case basis where the case was deemed to be clear and straight forward.
47. The Board heard that the Employer Pension Manager had worked closely with both the IBC Pensions Admin Team and Hampshire Pension Services to not only work out a process, including timescales, but also to design template letters that could be sent to members at various stages of the process.
48. In total there were only 13 cases that had initially requested Immediate Detriment, but of those, only 9 cases were actually progressed and took Immediate Detriment at retirement.
49. On 8 October 2021, the LGA and FBU then published an Immediate Detriment Framework which now meant that Immediate Detriment could be given to previously retired members who were already in receipt of a pension. HIWFRA adopted this framework on 16 November 2021.
50. Unfortunately, the Home Office then withdrew its informal guidance on Immediate Detriment on 29 November 2021 and HIWFRA along with all other FRAs were put in a very difficult position. The Chief Financial Officer made a decision to temporarily suspend all Immediate Detriment processing.
51. The Board had a lengthy discussion about the status of Immediate Detriment at their meeting in January 2022 and they were in agreement that until further guidance or information was available that they would be recommending to the Standard's and Governance Committee that Immediate Detriment remained suspended with a deadline for making a decision at the May meeting.
52. Work is ongoing on this matter and continues to change. The Board are keen to re-introduce Immediate Detriment but only where a number of the risks identified for both HIWFRA and the member can be reduced or eradicated.

#### PROJECT AND COSTINGS

53. It was reported to the Board that the McCloud Project was currently on track and on budget. As the work for the Police and Fire Schemes is broadly similar, these costs are accruing together, but then split between the relevant employer, The costs are then split further according to a percentage of the active membership and an additional adjustment is then made due to the complexity of Fire Pension Schemes such as temporary promotions, contribution holidays, CPD payments and pensionable pay.

54. HIWFRA is attributed with 35% of the police and fire costs. The table below shows the estimated and actual costs for the first three quarters of 2021/22.

Fire Pension Schemes - Hampshire and Isle of Wight Fire and Rescue Authority								
2021/22	Estimated Costs			Actual Costs				
Quarter	Resourcing cost for Police and Fire Schemes	% share of costs for HIWFRA	Estimated Costs for HIWFRA	Resourcing cost for Police and Fire Schemes	% share of costs for HIWFRA	Actual Costs for HIWFRA	Difference in actual from estimate	% increase or decrease from estimate
Q1	£ 10,191.49	35.00%	£ 3,567.02	£ 10,904.96	35.00%	£ 3,816.73	£ 249.71	7.00%
Q2	£ 13,714.42	35.00%	£ 4,800.05	£ 9,775.85	35.00%	£ 3,421.55	£ (1,378.50)	-28.72%
Q3	£ 21,691.33	35.00%	£ 7,591.97	£ 22,312.57	35.00%	£ 7,809.40	£ 217.43	2.86%
Q4	£ 22,079.61	34.88%	£ 7,702.37	£ -				
TOTALS	£ 67,676.86		£ 23,661.41	£ 42,993.38		£ 15,047.68	£ (911.35)	

## OTHER ITEMS

55. At the July meeting, the Board received a report of the Pension Administrator. They were pleased to note that Hampshire Pension Services had performed very well during the year. The Board heard that they had once again been awarded Customer Service Excellence accreditation with compliance plus in seven areas.

## FUTURE ISSUES

56. The Fire Pension Board annual report has identified considerable development across a variety of areas. The focus for the 2020/21 year includes:
- Remedy and impact from McCloud / Sargeant judgement
  - Remedy and impact from the Matthews / O'Brien judgement
  - Impact of Pensions Dashboards

## CONCLUSION

57. As set out in this report, there has been continued progress across all areas of fire pensions during 2022/23; in particular around governance and control, together with significant improvements in the quality and range of pension information that is available to firefighters.
58. For 2022/23, the year will be about sustaining the continuous improvement and building on the foundations that have been put in place. It will also be a challenging year with a number of upcoming changes to the pension schemes.
59. Although the list of future issues only contains three items, the volume of work for each of these should not be underestimated. Each area will have

its own complexities and challenges and having the right amount of resources in place will be key.

60. HIWFRA fire pensions are in a good place as there is already a robust structure in place with the Employer Pension Manager, the Employer Pension Groups and the McCloud Remedy Working Group which are an excellent multi-departmental resource across the Shared Services partnership and they will be crucial in co-ordinating the work involved.

### RECOMMENDATIONS

61. That the concerns of the HIWFRA Firefighter's Pension Board over the continued suspension of Immediate Detriment and their support of the work of the Local Government Association (LGA) to apply continued pressure on the Government to provide a solution be noted by the HIWFRA Standards and Governance Committee
62. That the content of the report be noted by the HIWFRA Standards and Governance Committee
63. That feedback on previous work or future areas of priority is provided to the HIWFRA Firefighter's Pension Board by the HIWFRA Standards and Governance Committee



## APPENDICES ATTACHED

64. APPENDIX A – Fire Pension Board report (15 April 2021), [report](#), [appendices](#)
65. APPENDIX B - Legislation and Local Government Association (LGA) Update report (15 April 2021), [report](#), [appendices](#)
66. APPENDIX C – Fire Pension Board report (20 July 2021), [report](#), [appendices](#)
67. APPENDIX D - Legislation and Local Government Association (LGA) Update report (20 July 2021), [report](#), [appendices](#)
68. APPENDIX E - Pension Administration update report (20 July 2021), [report](#)
69. APPENDIX F – Fire Pension Board report (14 October 2021), [report](#), [appendix](#)
70. APPENDIX G - Legislation and Local Government Association (LGA) Update (14 October 2021), [report](#), [appendices](#)
71. APPENDIX H – Fire Pension Board report and Risk Review (25 January 2022), [report](#), [appendices](#)
72. APPENDIX I - Legislation and Local Government Association (LGA) Update (25 January 2022), [report](#), [appendices](#)

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **Standards & Governance Committee**

Purpose: Approval

Date: 29 July 2022

Title: **INTERNAL AUDIT ANNUAL REPORT & OPINION 2021-22**

## **Report of the Chief Internal Auditor**

### SUMMARY

1. The purpose of this paper is to provide the Standards and Governance Committee with my opinion, as Chief Internal Auditor for Hampshire & Isle of Wight Fire & Rescue Authority (HIWFRA), on the adequacy and effectiveness of the Authority's framework of risk management, internal control and governance operated for the year ending 31 March 2022.

### BACKGROUND

2. Under the Accounts and Audit (England) Regulations 2015, the HIWFRA are responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
3. Internal audit plays a vital role in advising the HIWFRA that these arrangements are in place and operating effectively.
4. In accordance with proper internal audit practices, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of the systems of internal control operated by the HIWFRA and this provides evidence to support the production and review of the Annual Governance Statement.
5. The Annual Report for 2021-22 provides the Chief Internal Auditor's opinion on the systems of internal control and summarises audit work from which that opinion is derived for the year ending 31st March 2022.
6. The Standards and Governance Committee's attention is drawn to the following points:
  - Internal audit was compliant with the Public Sector Internal Audit Standards (PSIAS) in 2021-22.

- The revised internal audit plan for 2021-22 has been delivered.
- HIWFRA's framework of governance, risk management and management control is considered to be reasonable and audit testing has demonstrated controls to be working in practice.
- Where internal audit work identified areas where management controls could be improved or where systems and laid down procedures were not fully followed, appropriate corrective actions and a timescale for improvement were agreed with the responsible managers. The number of open and overdue actions has reduced significantly over the last few years demonstrating the Authority's commitment to improving the overall framework of control. At the time of writing there were only two overdue management actions.

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

7. The Internal Audit Plan is designed to validate the assurance and control framework which exists in the Authority and across the Service. Secure management processes including risk and performance management are important in ensuring that the Authority's plans are achieved.

#### RESOURCE IMPLICATIONS

8. The 2021-22 plan was prepared on the basis of audit need and agreed with senior managers and endorsed by HIWFRA Standards and Governance Committee, following comprehensive risk assessment. The cost is reflected in the Authority's budget.

#### IMPACT ASSESSMENTS

9. Impact assessments have not been required for this report as the production of the report will not result in the implementation of a new change activity, and/or introducing, or amending, a Service Policy.

#### LEGAL IMPLICATIONS

10. There are no legal implications arising from this report.

#### OPTIONS

11. The options are that the Chief Internal Auditor's annual report and opinion for 2021-22 is accepted, or not accepted, by HIWFRA Standards and Governance Committee.

## EVALUATION

12. Internal audit activity provides the Authority with an assurance mechanism to evaluate the effectiveness of the Service's risk management, control and governance processes.

## RISK ANALYSIS

13. The risk-based approach to internal audit planning and reviews aims to ensure that internal audit resource focuses on key business risks and as such the Authority's risk register has been used to inform the planning process and ensure that key risks are reflected in planned work.

## CONCLUSION

14. The appendix outlines the internal audit opinion for 2021-22 and the key issues arising. We have provided a rating of 'reasonable' assurance – the same opinion as in 2020-21 – reflecting that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited and management actions have been agreed to address these issues.

## RECOMMENDATION

15. That the Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee accepts the Chief Internal Auditor's annual report & opinion statement for 2021-22.

## APPENDICES ATTACHED

Appendix A: Internal Audit Annual Report & Opinion 2021-22.

Appendix B: Exempt Appendix – Cleaning Contract Management.

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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**Hampshire & Isle of Wight Fire & Rescue Authority  
Annual Internal Audit Report & Opinion 2021-2022**

**Prepared by: Karen Shaw, Deputy Head of Partnership**

**June 2022**

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## 1. Role of Internal Audit

Hampshire & Isle of Wight Fire & Rescue Authority (the Authority) is required by the Accounts and Audit (England) Regulations 2015, to *‘undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’*

In fulfilling this requirement, the Authority should have regard to the Public Sector Internal Audit Standards (PSIAS), as the internal audit standards set for local government. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

The role of internal audit is best summarised through its definition within the Standards, as an:

***‘Independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.***

The Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Authority that these arrangements are in place and operating effectively.

The Authority’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.



## 2. Internal Audit Approach

To enable effective outcomes, internal audit provides a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary. A full range of internal audit services is provided in forming the annual opinion.

As the Chief Internal Auditor, I review the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisation's success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Authority on the framework of internal control, risk management and governance in operation and to stimulate improvement.



The Southern Internal Audit Partnership (SIAP) maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our clients, with the necessity to provide comprehensive, compliant and value adding assurance.

Working practices have been reviewed, modified and agreed with all partners following the impact and lessons learned from the COVID-19 pandemic and as a result we have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork. However, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

### *Shared Services - International Standard on Assurance Engagements (ISAE 3402)*

The Authority has entered into a range of shared services with Hampshire County Council and Hampshire Police. The Integrated Business Centre (IBC) is a shared service function hosted by Hampshire County Council, delivering transactional processing and business support services to a growing number of public sector bodies.

ISAE 3402 provides an international assurance standard allowing public bodies to issue a report for use by user organisations and their auditors (user auditors) on the controls at a service organisation that are likely to impact, or be a part of the user organisation's system of internal control over financial reporting, enabling them to inform both their annual governance statement and the annual audit opinion.

In 2021-22 Hampshire County Council commissioned a Service Organisation Controls (SOC) Type 2 Report under International Standard on Assurance Engagement (ISAE) 3402. Assurance against the international standard was provided by Ernst & Young.

The scope of the review incorporated coverage of General Ledger, Order to Cash, Purchase to Pay, Cash & Bank, Human Resources & Payroll, and Information Technology General Controls. In forming their 'Opinion' the auditors (Ernst & Young) concluded:

*'In our opinion, in all material respects:*

- a. The Description fairly presents the finance, HR and IT shared services system as designed and implemented throughout the period 1 April 2021 to 31 December 2021.*
- b. The controls related to the Control Objectives stated in the Description were suitably designed throughout the period from 1 April 2021 to 31 December 2021 to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period 1 April 2021 to 31 December 2021 and if subservice organisations and user entities applied the complementary controls assumed in the design of Integrated Business Centre's controls throughout the period 1 April 2021 to 31 December 2021; and*
- c. The controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the Description were achieved, operated effectively throughout the period 1 April 2021 to 31 December 2021 if complementary subservice organisation and user entity controls assumed in the design of Integrated Business Centre's controls operated effectively throughout the period 1 April 2021 to 31 December 2021.'*

To complement the ISAE 3402 Type 2 report a further letter of assurance was provided by the Director of Corporate Operations at Hampshire County Council to confirm for the period 1 January 2022 to 31 March 2022:

- There have been no significant changes to the processes and controls set out in the report.
- There have been no significant control failures in respect of the controls in the report.
- There are no reasons why we believe the Management Statement would not still be valid.

In forming my opinion, I place reliance on the assurance provided under ISAE3402 and we do not seek to duplicate this work. However, we continue to review areas of the Shared Services falling outside the scope of the ISAE3402 engagement as appropriate, through a shared internal audit plan with Hampshire County Council and Hampshire Police. The results of this work are also reflected in my opinion.

### 3. Internal Audit Coverage

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Authority's activities and to support the preparation of the Annual Governance Statement. Work has been planned and performed to obtain sufficient evidence to provide reasonable assurance that the internal control system is operating effectively.

The 2021-22 internal audit plan was considered by the Standards and Governance Committee in February 2021. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation. The plan has remained fluid throughout the year to maintain an effective focus and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate. Changes made to the plan were agreed with Officers and reported in detail to the Standards and Governance Committee in the internal audit progress reports which were reviewed at each meeting.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:



#### 4. Internal Audit Opinion

As Chief Internal Auditor, I am responsible for the delivery of an annual audit opinion and report that can be used by the Authority to inform the annual governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy);
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of the Authority's audit need that has been covered within the period.

We enjoy an open and honest working relationship with the Authority. Our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Authority's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk and control over the 2021-22 financial year.

### Annual Internal Audit Opinion 2021-22

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

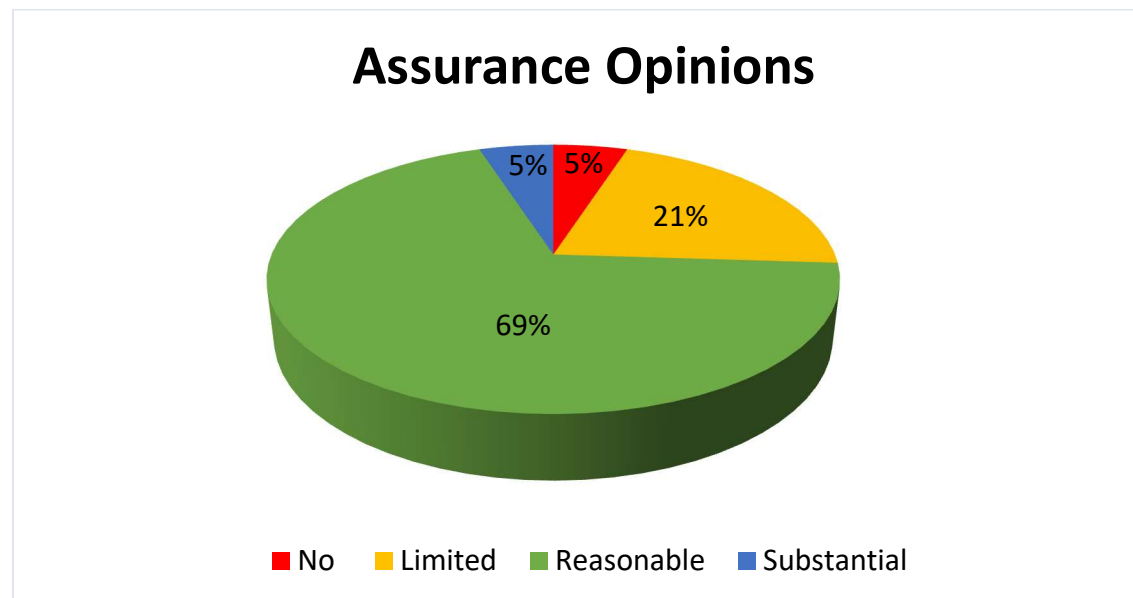
In my opinion frameworks of governance, risk management and management control are **reasonable** and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

## 5. Governance, Risk Management & Control – Overview & Key Observations

### Assurance opinions for 2021-22 reviews

The findings from our reviews have been reported to the Standards and Governance Committee throughout the year and a summary of the assurance opinions is outlined below.



### Governance

Governance arrangements are considered during the planning and scoping of each review and in most cases, the scope of our work includes overview of:

- the governance structure in place, including respective roles, responsibilities and reporting arrangements;

- relevant policies and procedures to ensure that they are in line with requirements, regularly reviewed, approved and appropriately publicised and accessible to officers and staff.

In addition, during 2021-22 we undertook reviews of a number of specific areas of governance including ICT project management, ICT change management and business continuity, which concluded with reasonable assurance opinions.

Based on the work completed during the year and observations through our attendance at a variety of management and governance meetings, in our opinion the governance frameworks in place across the Authority are robust, fit for purpose and subject to regular review. There is also appropriate reporting to the Standards and Governance Committee to provide the opportunity for independent consideration and challenge relating to the Annual Governance Statement.

### *Risk management*

Since our last full review of risk management, HIWFRS has carried out a full review of risk management arrangements and this has resulted in an updated Risk Management Policy, guidance and procedures, as well as the implementation of a new Risk Management system to enable risks to be documented, scored and monitored in a consistent manner.

During 2021-22 we carried out a further review to ascertain the extent to which the refreshed approach has been embedded across the organisation. This review resulted in a reasonable assurance opinion and confirmed that significant improvements have been made to ensure that risk management arrangements are sound, documented and embedded within the Authority. A number of suggestions were made to further enhance the Risk Management Policy and guidance and given that the risk management system was still relatively new at the time of our review, work was ongoing to ensure full details are captured for each risk.

In accordance with the constitution, the Standards and Governance Committee play a key role in receiving and reviewing the Organisational Risk Register. This has been supported throughout the year through the Committee's overview of the Risk Register which now features as a regular agenda item throughout the year.

The risk register is a key document that is taken into account during the development of our risk based internal audit plan, with the planned reviews mapped to the risk register. The information in the risk register is taken into consideration when scoping each review in detail to ensure that our work is appropriately focussed.



## Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2021-22 plan, that were working effectively to support the delivery of corporate objectives.

We generally found officers and staff to be well aware of the importance of effective control frameworks and compliance, and also open to our suggestion for improvements or enhancements where needed. Management actions agreed as a result of each review are monitored to completion to ensure that the identified risks and issues are addressed.

The key areas of challenge identified or confirmed through our work are outlined below:

### Safe and Well Visits

Safe and Well Visits are a person-centred home visit carried out by both Operational and non-Operational staff, as well as volunteers. The visit involves the systematic identification of, and response to, health, wellbeing and home security issues in addition to focussing on fire risk reduction. Our review found that procedures and guidance are in place to support the conduct of safe and well visits and a Multi-Agency Fire Safety Framework also provides all frontline staff with guidance to support effective management of fire risks within the home with the aim to ensure that fire safety risk management is embedded into partner working practices. A post incident procedure is also in place to ensure that appropriate support is provided to a vulnerable person following an incident and that any lessons learned are identified, recorded and shared with partner agencies to ensure that corrective action is taken as needed. Management information relating to Safe and Well visits is available through Power BI and returns are submitted to the Home Office and HMICFRS in line with their requirements.

However, our review also highlighted that completion of the target number of Safe and Well visits was not being met and historically there has been insufficient monitoring of where requests for Safe and Well Visits originated from. This was being addressed through creation of a PowerBI report at the time of our review. Our review also highlighted that targets set by area were not related to risk factors, and were not therefore always realistic. A risk mapping methodology was being worked on at the time of our review to ensure that targets are more realistic going forwards as well as to ensure that risk levels can be assigned to each request to enable work to be appropriately prioritised. Our testing identified a number of non-compliances around the time taken to complete the visits from the referral date, lack of evidence of completed visit forms and delays in closing completed jobs on the system, as well as insufficient monitoring of such non compliances. There were also a significant number of open jobs on the system where it was unclear if a visit had taken place or not and the Prevention Delivery

Plan was incomplete.

In year follow up work confirmed that progress has been made in addressing all of the issues raised, with only two of the 19 agreed management actions now outstanding and these are being actively progressed.

### Disclosure and Barring Service (DBS) Checks

A Safeguarding audit in 2018/19 highlighted gaps in DBS evidence recorded on SAP. As a result, the Service undertook a major piece of work to determine the level of DBS check required for each role, record that level against each position within SAP and to bring DBS records in SAP up to date for existing staff. We undertook a further review during the year to ensure that DBS checks are now completed in line with these requirements.

The review confirmed that significant progress has made since our last review to improve the control framework for ensuring that DBS checks are carried out at the right time and are recorded correctly. In particular, there is a clear procedure in place setting out the expectations for DBS checks, responsibilities are clear, and a role mapping document sets out the requirements for each role across the Service. We also confirmed that since early 2021, all SAP position records have been updated to show the correct level of DBS checks required and this ensures that the correct checks are carried out during recruitment. However, our testing has shown that there are still some discrepancies relating to the checks undertaken for existing staff. Some of these issues, for example where higher level checks have been completed than needed, will be addressed when rechecks fall due. However, although for a very small percentage of the overall workforce, we identified instances where the checks carried out did not comply with the requirements of the role. Although compliance reports are available to identify anomalies, we could not find evidence that these are run on a regular basis to ensure that corrective action is taken, or escalated where needed.

### Data Protection

We identified that HIWFRS has implemented a number of changes and improvements since our previous review of data protection and has plans to further enhance the control framework going forward to ensure compliance with the Data Protection Act and General Data Protection Regulations.

In particular, a data asset register has been compiled; an internal review of all procedures has taken place, a number of templates have been introduced and we confirmed that identified breaches, Freedom of Information and Subject Access Requests are all dealt with in an appropriate and timely way. Following a gap analysis, the Information Compliance Team have also put in place an action plan to further

enhance controls, but progress has been delayed due to resource issues and changes to the team.

Although HIWFRS have an agreed record retention schedule in place, we found that data across the organisation is not being deleted in line with that schedule.

### Data Quality – Incident Reporting System and Vacancy Recording

HIWFRS is required to publish a variety of statistical data both locally and nationally, with much of this being populated from the national Incident Reporting System (IRS). This database is populated by operational fire-fighters when they are called to respond to incidents, and the Home Office requirement is for incident reports to be published within seven days of the incident occurring. We found that although there is a clear data quality procedure in place, various manual and automated data quality processes undertaken by the Organisational Performance Team, and evidence of continued improvement in the completion of IRS reports within seven days as required by the Home Office, there are still some stations that are consistently failing to address their overdue reports.

With regard to vacancy monitoring, whilst effective controls are in place to enable Grey Book (whole-time, on-call and Control) vacancies for operational firefighters to be monitored and accurately reported, there is a lack of central control or monitoring of Green Book staff vacancies that means management information in this area is unreliable. There are however, mitigating controls at the recruitment stage to ensure that only posts required and funded are recruited to, however the issue of data quality remains.

### Cleaning Contract Management (Shared Services)

See exempt appendix.

### **Management actions**

Where our work identified risks that we considered fell outside the parameters acceptable to the Authority, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers.

Progress is reported to the Standards and Governance Committee throughout the year through the quarterly internal audit progress reports and management reports. This generally shows good progress in addressing the issues raised in a timely manner, and where actions are overdue, details are provided by management. At the time of writing there were two overdue actions.

## 6. Anti-Fraud and Corruption

The Authority is committed to the highest possible standards of openness, probity and accountability and recognises that the public need to have confidence in those responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence and damage reputation and image. Policies and strategies are in place setting out the approach and commitment to the prevention and detection of fraud or corruption. Arrangements are also in place to enable staff to report any concerns.

**National Fraud Initiative (NFI)** - The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Public sector bodies are required to submit data to the National Fraud Initiative on a regular basis (every two years). The latest NFI data upload was carried out in October 2020. Potential matches were reviewed by the Authority throughout 2021-22 and we are not aware of any significant issues arising.

No significant issues relating to fraud or corruption have been brought to my attention during 2021-22 that would impact on the system of governance, risk management or control.

## 7. Quality Assurance and Improvement

The Public Sector Internal Audit Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include provision for both internal and external assessments: internal assessments are both on-going and periodic and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020.

In considering all sources of evidence the external assessment team concluded:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'*

## 8. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through endorsement from the Institute of Internal Auditors that:

**'the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics; and the Standards'.**

There are no disclosures of Non-Conformance to report.

## 9. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Authority and maintains consistently high standards. In complementing the QAIP this was achieved in 2021-22 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success.
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment control documentation.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- A self-assessment against the IPPF, PSIAS & LGAN.

## 10. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Performance Indicator	Target	Actual
Percentage of internal audit plan delivered ( <i>to draft report</i> )	95%	100%
Positive customer survey response		
● Hampshire & IOW Fire & Rescue Authority	90%	99%
● SIAP – all Partners	90%	99%
Public Sector Internal Audit Standards	Compliant	Compliant

*Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2022).*

## 11. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Authority with whom we have made contact in the year. Our relationship has been positive, and management were responsive to the comments we made both informally and through our formal reporting.

Karen Shaw  
Deputy Head of Southern Internal Audit Partnership  
June 2022

## Annex 1

## Summary of Audit Reviews Completed 2021-22

Substantial

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Review area	Summary
<b>Procurement (Shared Services) (Note 1)</b>	This review focused on three contract procurements involving the Shared Service Partners, to assess the effectiveness of the standard procurement process. There is a robust control framework in place to support the procurement process. As part of this review we noted that the Contract Standing Orders for HIWFRA were out of date and in need of updating.

Reasonable

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Review area	Summary
<b>ICT Contract Management</b>	Our review of arrangements in place for contract management within the ICT departments confirmed that there are effective governance arrangements in place to manage delivery and monitoring of the contracts and the relationship with the suppliers. Two observations were made regarding the need to ensure that all contracts are recorded on the Corporate Contracts Register to ensure requirements under the Local Government Transparency Code 2015 are met, and that periodic financial checks and review of insurance arrangements are carried out for all suppliers.
<b>Cyber Security – Patch Management</b>	This review focused on the governance, policies and procedures in place that ensure that end user devices, physical and virtual servers are subject to testing and approved regular security patching to maintain secure and stable IT operations in support of the business. In general, a sound system of control was found to be in place, however a number of observations were made to further tighten control in particular around confirming that patching was successfully completed for all servers, vulnerability scanning for new servers and formalising the patching policy for servers with high business impact.

<b>ICT Project Management</b>	This review was to provide assurance in respect of project management arrangements within the HIWFRS ICT department. A sample of ICT projects of differing types and complexities were selected with testing focusing on project governance, documentation and reporting. We found a sound system of control to be in place with project management arrangements proportionate to the size, scale and complexity of the project. We raised two observations regarding the need to ensure that sufficient Business Development team resource is available to support all agreed projects, and that all funding requirements are taken into account in the business cases, including funding for ongoing business as usual support and the cost of any external support required as part of the project delivery.
<b>IT Change Management</b>	We reviewed the processes in place to ensure that changes to systems, applications, procedures and services is carried out in an approved, standardised and effective manner which mitigates the impact to end users and the changed environment. A generally sound framework of control is in place with opportunities to improve compliance with lead times for change requests, and procedures for formally closing change requests after post-implementation testing. In line with ITIL guidance, impacting factors listed in change requests could be consolidated into an overall change risk score.
<b>IT User Access (draft report)</b>	The review focused on the management and administration of access to the organisation's computer network and systems to ensure that a user has appropriate access to undertake their role. The review did not include administration of access to individual applications. A generally sound system of control is in place, however observations were raised regarding the need to strengthen controls to ensure that unused accounts are regularly reviewed, and that the policies regarding the use and management of shared accounts and high privilege accounts are documented and approved.
<b>Business Continuity</b>	We reviewed the robustness of the updated arrangements and processes in place for business continuity, including policies, procedures, guidance, responsibilities, business plans and actions taken to reflect lessons learned from any operation of the plans. There is a robust framework in place that is being rolled out across the organisation with a target date to complete all remaining reviews by April 2022.
<b>Risk Management</b>	We reviewed the approach to risk management, to ascertain the extent to which the refreshed approach (as outlined in the risk management policy and associated guidance) has been embedded across the organisation. There is a sound framework of control in place, however the Risk Management Policy and Guidance could be enhanced by including details of the risk appetite and risk tolerance levels as well as detail to support the risk scoring definitions. At the time of our review the risk management system was still relatively new and there were some gaps in the data recorded against each risk. In addition, for risks that are not escalated as organisational risks, there was no assurance protocol in place for risk owners to report on the effectiveness of risk mitigation activity.
<b>Compliant Management of Fleet</b>	This review concentrated on the processes in place to ensure that the scheduling of maintenance for HIWFRS vehicles is in line with legislative and local requirements and this is adhered to. We undertook compliance testing to ensure that vehicle records had been updated and work undertaken is being accurately recorded on the Tranman System (the Transport Management System). In addition, we reviewed the availability of performance data to ensure it is robust and enables appropriate management oversight. We generally found a sound control framework to be in place, however we noted that



	there was no regular key performance or activity reporting to Senior Managements and work was ongoing with the system developer to produce these reports. Our testing also identified that in some cases costs had not been accurately recorded against the job in Tranman.
<b>Prevention and Protection – Competency, Resourcing and Succession Planning</b>	Our review focused on the procedures in place around service delivery expectations of both teams and how resourcing and succession planning is considered. A sound system of control was found to be in place, however although consideration is given to succession planning within the teams, this was not formally documented. We also found that although training is monitored by each team manually, prevention and protection specific training is not recorded within the Service’s resourcing database in the same way as operational competencies.
<b>Pay claims (Recurring Allowances) (draft report)</b>	We carried out a full review of the revised procedures and processes in place in relation to the administration and payment of allowances at HIWFRS. This included transaction testing on a selection of payments made across recurring allowances during January and February 2022 to provide assurance that improvements to the process have been implemented effectively, with payments made in line with the Allowances and Expenses Guidance. Testing confirmed that payments were accurate and supported by documentation, however the correct process of notifying the Resources Management Team using a standard pro-forma, to ensure all required information is supplied, was not being followed.
<b>Recruitment (shared services) (note 1)</b>	The scope of this review covered the processes operating within the IBC to ensure the key stages in the recruitment process are adhered to across all Partners (excluding schools) and have been accurately recorded in Success Factors; and this included selecting and testing a sample of recruitments, taken from all Partners. We also reviewed the monitoring and reporting arrangements for the recruitment process. Pre-employment checks and processes included in the Good Work Plan, were excluded from the scope as these have been the subject of separate reviews. We found a generally sound framework of control to be in place. Testing found a small number of cases where the Contract of Employment had been issued after the start date, however this was outside the control of the IBC and related to late notification or retrospective hires, reporting of which was already being improved to raise awareness and improve compliance.
<b>Procurement Cards (Shared Services) (note 1)</b>	The scope of this review focused on processes within the IBC in ensuring P-Cards requests are received, processed, and administered in line with partner agreements and arrangements. Samples were taken from all partners for this review. Embedded (virtual) cards were not included within this review as they are not widely used. There is a sound framework of control in place, however opportunities were identified to produce specific ‘hand-off’ documents for all partners and to document a clear audit trail for actions taken for any upload discrepancies between the P Card system and SAP.

<p><b>Pre employment checks – Right to Work (Shared Services) (note 1)</b></p>	<p>The scope of this review focussed on the pre-employment checks regarding the changed Right to Work legislation. Sample Testing was completed for each of the Partners using the recruitment services from the issuing and acceptance of the Conditional Offer to the IBC notifying Partners of the completion of Pre-Employment Checks. Controls were found to be robust, however in some cases there was no evidence recorded on the system that recruiting managers had been notified that the checks had been successfully completed.</p>
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**Limited** Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

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Review area	Summary
<p><b>Referral pathways for Safe and Well Visits</b></p>	<p>This review focused on referrals from key stakeholders and partners to ensure that vulnerable members of the community are protected from fire risks. We looked at the number of Safe and Well Visits made against the agreed targets in place and also how those targets are calculated to ensure that they are focused on relevant risk factors. At the time of our review a number of key areas covered by this audit, e.g. monitoring of referral data and risk mapping, were the subject of ongoing work within HIWFRS. Our review found that clear procedures and guidance are in place; a Multi-Agency Fire Safety Framework provides all frontline staff with guidance to support effective management of fire risks within the home; post incident procedures ensure that appropriate support is provided to a vulnerable person following an incident and that any lessons learned are identified, recorded and shared with partner agencies to ensure that corrective action is taken as needed. Management information relating to Safe and Well visits is also available through Power BI and returns are submitted to the Home Office and HMICFRS in line with their requirements.</p> <p>However, our review also highlighted that completion of the target number of Safe and Well visits was not being met and historically there has been insufficient monitoring of where requests for Safe and Well Visits originated from. This was being addressed through creation of a PowerBI report at the time of our review. Our review also highlighted that targets set by area were not related to risk factors, and were not therefore always realistic. A risk mapping methodology was being worked on at the time of our review to ensure that targets are more realistic going forward as well as to ensure that risk levels can be assigned to each request to enable work to be appropriately prioritised. Our testing identified a number of non-compliances around the time taken to complete the visits from the referral date, lack of evidence of completed visit forms and delays in closing completed jobs on the system, as well as insufficient monitoring of such non compliances.</p>

	<p>There were also a significant number of open jobs on the system where it was unclear if a visit had taken place or not and the Prevention Delivery Plan was incomplete.</p> <p>In year follow up work confirmed that progress has been made in addressing all of the issues raised, with only two of the 19 agreed management actions outstanding.</p>
<p><b>General Data Protection Regulation (GDPR) and Data Protection Compliance</b></p>	<p>This audit followed up on both the 2017/18 and 2018/19 reviews, which both resulted in limited assurance opinions. The scope examined central controls to ensure compliance with the Data Protection Act and General Data Protection Regulations, and we tested compliance across the organisation.</p> <p>We identified that HIWFRS has implemented a number of changes and improvements since our previous audit and has plans to further enhance the control framework going forward. A data asset register has been compiled; an internal review of all procedures has taken place and a number of templates have been introduced. Testing identified that breaches, Freedom of Information and Subject Access Requests are all dealt with in an appropriate and timely way. The Information Compliance Team understand where there are gaps in the control framework, and the ensuing risks, and have plans to address them, but progress has been delayed due to resource issues and changes to the team.</p> <p>Although HIWFRS have an agreed retention schedule in place, the reason for the limited opinion is that data across the organisation is not being deleted in line with that schedule.</p>
<p><b>Data Quality – Incident Reporting System reports and vacancy management</b></p>	<p>HIWFRS is required to publish a variety of statistical data both locally and nationally, with much of this being populated from the national Incident Reporting System (IRS). This database is populated by operational fire-fighters when they are called to respond to incidents, and the Home Office requirement is for incident reports to be published within seven days of the incident occurring. The audit initially focused on the processes in place to ensure the accuracy of data and timely completion of IRS reports and, separately, vacancy recording in SAP, with testing carried out on a sample of data.</p> <p>Although there is a clear data quality procedure in place, various manual and automated data quality processes undertaken by the Organisational Performance Team, and evidence of continued improvement in the completion of IRS reports within seven days as required by the Home Office, there are still some stations that are consistently failing to address their overdue reports.</p> <p>With regard to vacancy monitoring, whilst effective controls are in place to enable Grey Book (whole-time, on-call and Control) vacancies for operational firefighters to be monitored and accurately reported, there is a lack of central control or monitoring of Green Book staff vacancies that means management information in this area is unreliable. There are however, mitigating controls at the recruitment stage to ensure that only posts required and funded are recruited to, however the issue of data quality remains.</p>

<p><b>Disclosure and Barring Service (DBS) Checks</b></p>	<p>This review focused on ensuring that the DBS requirements for each role are agreed and documented and we carried out sample testing to ensure that checks and rechecks are carried out in line with these requirements. The review confirmed that significant progress has made since our last review to improve the control framework for ensuring that DBS checks are carried out at the right time and are recorded correctly. In particular, there is a clear procedure in place setting out the expectations for DBS checks, responsibilities are clear, and a role mapping document sets out the requirements for each role across the Service. Since early 2021, all SAP position records have also been updated to show the correct level of DBS checks required and this ensures that the correct checks are carried out during recruitment. However, our testing has shown that there are still some discrepancies relating to historic checks for existing staff that have been undertaken. Some of these issues, for example where higher level checks have been completed than needed, will be addressed when rechecks fall due. However, although for a very small percentage of the overall workforce, we identified instances where the checks carried out did not comply with the requirements of the role. Although compliance reports are available to identify anomalies, we could not find evidence that these are run on a regular basis to ensure that corrective action is taken, or escalated where needed.</p>
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**No** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Review area	Summary
<p><b>Cleaning Contract Management (Shared Services)</b></p>	<p>See exempt appendix.</p>

Note 1) These are Shared Service audits with no direct HIWFRS involvement, however overarching accountability for HIWFRS Shared Services activity sits with the DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships.

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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