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

NOTICE OF MEETING

<i>Meeting</i>	HIWFRA Standards and Governance Committee	<i>Clerk to the Hampshire & Isle of Wight Fire and Rescue Authority</i> CFO Neil Odin
<i>Date and Time</i>	Monday 11th December, 2023 2.00 pm	<i>Fire & Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	Room Z - Fire & Police Shared HQ, Eastleigh	
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

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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 3 - 6)

To confirm the minutes of the previous meeting.

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 CONTINGENT DECISIONS DELEGATION (Pages 7 - 32)

To consider a report from the Chief Financial Officer regarding recommends the delegation of decision-making powers relating to contingent decisions to the Chief Fire Officer.

7 INTERNAL AUDIT PROGRESS REPORT (Pages 33 - 48)

To receive a report from the Chief Internal Auditor, which asks the Committee to note the progress in delivering the internal audit plan for 2023/24 and the outcomes.

8 INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT (Pages 49 - 54)

To receive a report from the Chief Fire Officer, which provides the Committee with the latest update on the medium and high internal audit management actions that have not been completed within the agreed target date and are now overdue.

ABOUT THIS AGENDA:

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

Agenda Item 3

AT A MEETING of the HIWFRA Standards and Governance Committee of
HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Wednesday
27th September, 2023

Chairman:

* Councillor Derek Mellor

* Councillor David Harrison

Councillor Karen Lucioni

* Councillor David Drew

* Councillor Hugh Lumby

97. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Karen Lucioni.

98. **DECLARATIONS OF INTEREST**

Members were mindful of their duty to disclose at the meeting any Disclosable Pecuniary Interest they had in any matter on the agenda for the meeting, where that interest was not already in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

99. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting were reviewed and agreed.

100. **DEPUTATIONS**

There were no deputations for the meeting.

101. **CHAIRMAN'S ANNOUNCEMENTS**

There were no formal announcements.

102. **ANNUAL STATEMENT OF ACCOUNTS**

The Committee considered a report from the Chief Financial Officer (item 6 in the minute book) on the annual Statement of Accounts.

The officer summarised the report, highlighting that the audit had not been completed due to national challenges in the local audit market that have resulted in a significant backlog in audit opinions. The statement however, was published in time and so the Authority remained in a good position.

During questions, the following points were clarified to Members:

- Non-financial performance was required to be included and enabled both and financial aspects to be assessed together.

- The pensions reserve included an accountability adjustment, but this was the same as had been previously notified to Committee.

RESOLVED

a) The unaudited Statement of Accounts for 2022/23 (Appendix 1) was approved by the HIWFRA Standards and Governance Committee

b) Authority was agreed to be delegated to the Chief Financial Officer to approve minor changes to the Statement of Accounts agreed with the auditors prior to publication of the audited accounts. Should any non-minor changes be required as a result of the audit of the accounts, the Statement of Accounts for 2022/23 would be brought back to the Standards and Governance Committee to review and re-approve.

c) It was noted that the cause of the delayed audit of the accounts was due to issues outside the control of the Authority resulting from the backlog in local audit opinions across the country.

d) It was noted that the Authority would publish the unaudited accounts on its website together with a notice in accordance with regulation 10(2)(a) of the Accounts and Audit Regulations 2015 stating that it had not been possible to publish the audited statement of accounts and the reasons for this.

e) It was noted that the Letter of Representations would be signed by the Chairman of the Standards and Governance Committee and Chief Financial Officer as required by the external auditor at the conclusion of the audit.

103. **ANNUAL ASSURANCE STATEMENT 2022/2023**

The Committee considered a report from the Chief Fire Officer (item 7 in the minute book), which was a retrospective look back at financial, governance and operational matters that formed the Assurance Statement.

It was highlighted that vacancies were managed by the Resource Management Team, which considered all aspects of resource management and staff wellbeing to ensure teams were appropriately supported and to maximise availability. It also included developing new and innovative ways of recruiting and maintaining On Call staff.

The Statement would be used as reference by the Home Office and was completed by all Fire Services'.

Members congratulated officers on a clear and concise report.

RESOLVED

The Hampshire and Isle of Wight Fire and Rescue Service Annual Assurance Statement 2022/2023 was approved by the HIWFRA Standards and Governance Committee.

104. **ORGANISATIONAL RISK REGISTER REPORT**

The Committee received a report from the Chief Fire Officer (item 8 in the minute book), which updates Members on the status of the Organisational Risk Register in line with the Risk Management Procedure.

The report was summarised by the officer, with changes to risks being highlighted to the Committee. Cyber attacks were being taken seriously at a national level and the Service had processes in place to help mitigate risks related to these.

RESOLVED

The risks identified and captured in the Service's Organisational Risk Register were noted by the Standards and Governance Committee.

105. **ASSURANCE REPORT: FIRE STANDARDS AND HMICFRS AREAS FOR IMPROVEMENT PROGRESS UPDATE**

The Committee received a report from the Chief Fire Officer (item 9 in the minute book), which provided Members with an assurance update on the Service's progress in adopting and embedding Fire Standards within the Service and also on the progress being made against the His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Areas for Improvement (AFIs).

Following a summary of the report and work that had taken place, Members asked questions of the officer and learned that:

- Benchmarking was set by a Director or Head of Service sponsor and a collective view from another department.
- Operational Standards were separate to professional guidance and tackled different things.
- Some areas for improvement would likely be in progress in the medium to longer term, but a lot of work was going on behind the scenes to enable progress to be embedded as soon as possible.

RESOLVED

a) The Service's approach to the four AFIs identified as not having a specific improvement plan was approved by the HIWFRA Standards and Governance Committee.

b) The HMICFRS AFI and Fire Standards update report was noted by the HIWFRA Standards and Governance Committee.

106. INTERNAL AUDIT PROGRESS REPORT

The Committee received a report from the Chief Internal Auditor (item 10 in the minute book), which provided an overview of internal audit work completed in accordance with the approved audit plans, and the status of 'live' reports.

There had been some slippage in work due to resourcing, but overall the report was a very positive reflection on the Service. Purchasing cards listed on section 4 of the appendix was an action that had since been completed and would be removed ahead of the next update to Committee.

RESOLVED

The progress in delivering the internal audit plan for 2023/24 and the outcomes to date were noted by Hampshire & Isle of Wight Fire & Rescue Authority Standards and Governance Committee.

107. INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT

The Committee received a report from the Chief Internal Audit (item 11 in the minute book), which provided the latest update on the medium and high management actions that had not been completed within their target date and their status.

Members were happy with the report and there were no questions.

RESOLVED

The Standards and Governance Committee noted the progress made towards the implementation of the internal audit management actions and the delivery of the audit plan.

Chairman,



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

HIWFRA Standards and Governance Committee

Purpose: Approval

Date: **11 December 2023**

Title: **CONTINGENT DECISIONS DELEGATION**

Report of Chief Financial Officer

SUMMARY

1. A Contingent Decision is a decision taken by a pension scheme member, that would have been different had it not been for the discrimination identified by the courts as part of the McCloud pension remedy.
2. This report recommends the delegation of decision-making powers relating to contingent decisions to the Chief Fire Officer.

BACKGROUND

3. The legislation to implement the McCloud pensions remedy came into force from 1st October 2023. There is an eighteen-month period for the remedy to be enacted.

CONTINGENT DECISIONS

4. There are three categories of contingent decision that are covered by legislation:
 - (a) Opt-outs – a member would not have opted out if they had been allowed to remain in the Legacy Scheme
 - (b) Additional service – a member would have purchased more additional service if they had been allowed to remain in the Legacy Scheme

- (c) Transfers – members would have made different decisions about transferring service in or out of the scheme if they had been allowed to remain in the Legacy Scheme.
- 5. The process for resolving contingent decision claims is that a member submits an application, which is considered by the scheme manager. Decisions are subject to a strict timeline and adhering to the timeline will mean that close co-operation between the decision maker and the administrator is necessary. Decision making will be guided by regulation and supplementary guidance provided by the Local Government Association.
- 6. Should the member wish to appeal the decision, appeals will follow the standard Internal Dispute Resolution Procedure (IDRP).
- 7. A copy of the Local Government Association (LGA) Guidance on Contingent Decisions is included as Appendix A.

DELEGATION TO THE CHIEF FIRE OFFICER

- 8. Matters of policy on Contingent Decisions are driven by legislation and national guidance. The LGA have stressed the need for decision making to be consistent nationally so there is no scope for a different policy direction or strategic approach.
- 9. This means that decision making is an operational matter, more suited to delegation to the Chief Fire Officer. In addition, the process is driven by strict timelines, meaning that it would not be suited to the irregularity of the formal committee decision making.
- 10. In addition, appeals will be considered by the IDRP process, an officer led activity.
- 11. For these reasons it is proposed that decision making is delegated to the Chief Fire Officer. They will establish appropriate structures for the making and recording of decisions on the advice of other officers.

RESOURCE IMPLICATIONS

- 12. There are no resource implications of this proposal.

IMPACT ASSESSMENTS

- 13. In order to avoid any unintentional impacts on any groups it is important that guidance is followed and that a clear rationale for decisions is established

and recorded. No specific internal impact assessments are required as we are following legislation.

LEGAL IMPLICATIONS

14. The Firefighters Pension Scheme (England) Regulations 2014 provide that the scheme manager of a pension fund may delegate any functions under those Regulations, including the power to delegate, to such persons or employees of such person as may be authorised in that behalf by the scheme manager.
15. The legislation specific to contingent decisions is as follows:-
 - (a) The Public Service Pensions and Judicial Offices Act 2022
 - (b) The Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022
 - (c) The Firefighters Pensions Remediable Service Regulations 2023

CONCLUSION

16. Given the strict timescales for completing activities and the operational nature of the tasks, it is recommended that the Standards and governance Committee (as scheme manager) delegates the decision making on contingent decisions to the Chief Fire Officer.
- 17.

RECOMMENDATION

18. That decision making on Contingent Decisions is delegated by the Standards and Governance Committee to the Chief Fire Officer.

APPENDICES ATTACHED

Appendix A – LGA Guidance: Age discrimination remedy – Contingent Decisions Guidance for Scheme Managers

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Information

Age discrimination remedy – Contingent Decisions Guidance for Scheme Managers

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Introduction

1. This document is intended to be used as a guidance tool for scheme managers and their pension administrators to provide clarity about the process for Contingent Decisions (CDs).
2. A Contingent Decision (CD) is a decision taken by a member, relating to their membership of the Firefighters' Pension Scheme (FPS), that would have been different had it not been for the discrimination identified by the courts.
3. There are three categories of CD in the FPS for which specific provision has been made:
 - A. Opt-Outs: A Member who would not have opted-out if they had been allowed to remain in the Legacy Scheme (FPS 1992/FPS 2006) beyond their transition date or if protected Members had been allowed to join the 2015 Reformed Scheme from 1 April 2015.
 - B. Additional Service: Members argue they would have purchased (more) additional service if they were in the Legacy Scheme.
 - C. Transfers: Members chose to transfer (in or out) and now wish to revisit the decision, or they chose not to transfer and now wish to do so – Guidance on this topic to be provided in due course.
4. Where a member makes a CD, there will have to be an adjustment to benefits, which may involve the member paying extra contributions.
5. This document sets out the general position about the process for CDs including timeframes for each stage, evidence requirements, scheme manager decisions, the Contingent Decision Remediable Service Statement (CD-RSS), and elections, before going into each of the three specific CD areas in more detail.
6. Scheme managers and administrators are strongly encouraged to follow this guidance to help ensure consistency both locally and nationally.

Process

7. The timeframes for making a CD are set in the regulations and operate from receipt of the first Remedial Service Statement (RSS), however some members will not receive an RSS until 31 March 2025, at which point the regulations allow them twelve months in which to make their election after receipt of the CD-RSS. Further information about the relevant regulations that apply for each CD is covered within the 'Legislation Section' of each Annex.
8. Due to the lengthy process and timescales expected for CDs, scheme managers may wish to adopt a date at their discretion for receiving claims.
9. Scheme managers should mutually agree any setting of target dates with their administrator as there will be a significant impact on resourcing for these cases. There will be a need to remain flexible for receipt of these cases, the only firm deadline that can be set is twelve months after receipt of an RSS.

10. It is the scheme manager responsibility to determine how the process for the CD claim procedure will be communicated to members. Due to the work and timescales involved it is recommended that scheme managers are proactive with targeted communications. This may include for example:
 - a. Identifying members who are in scope for CD and writing to them directly to invite them to make a claim.
 - b. Publishing details of the process and a link to the claim form on both intranet and internet web pages.
 - c. Using social media to publicise the process.
11. The member must make a claim using the specific CD claim form. In all cases, the member will be required to provide a few sentences, in their own words, that describe the reasons why they took the action they did and how this relates to the introduction of the reformed scheme.
12. In cases whereby the member has been subject to an interbrigade transfer it would be the scheme manager for the most current employer who decides on the CD.

Step one: Acknowledge receipt of the CD claim form – Ten working days

13. It is recommended that scheme managers should acknowledge receipt of the CD claim form within ten working days. The acknowledgement should confirm to the member the latest point when they will receive notification about whether their claim has been accepted.
14. It is acknowledged that scheme managers and administrators may need to delay processing any CD claims due to resourcing pressures and may require more flexibility with the CD process timescales. If claims are going to be held before they are reviewed it is recommended that the acknowledgement letter to the member includes the reason for any delay and details of when their case is expected to be reviewed. This information will be very important should any cases be appealed via the Internal Dispute Resolution Procedure (IDRP) and subsequently referred to the Pensions Ombudsman.

Step two: Review CD claim evidence, make decision and notify the member of the outcome – Two months

15. It is recommended that within two months of receiving a CD claim or if the reviewing process was previously delayed, by the delayed date, the scheme manager should review the claim form as well as any supplementary evidence provided and decide on the outcome.
16. Where the scheme manager decides that the CD claim cannot be accepted, the member should be notified accordingly. The member should be provided with details on why their claim was turned down as well as information on their right to appeal (i.e. IDRP) should they wish to dispute this.
17. Prior to publicising the CD claim process it is recommended that scheme managers should consider whether their current IDRP processes are sufficient. Consideration should be given to the fact that, under the IDRP, the scheme manager may be asked to reconsider a decision which they previously made under the CD process. FRAs are encouraged to consider whether this seems fair and reasonable, if it is deemed not to be then FRAs should consider who is the most appropriate person to hear each stage of the IDRP.

18. Where the scheme manager decides that the CD claim is accepted, the member should be notified accordingly and advised that a quote of benefits under the CD will be provided by the administrator. Clear timeframes on when the member can expect to receive the quotation should be provided in the acknowledgement letter.

Step three: Send request to Pension/Payroll to provide data to administrator – Ten working days

19. It is recommended that within ten working days of notifying the member the scheme manager should send details of the request to the Pension/Payroll team so that they can collate the necessary data for the quote.

Step four: Collate, prepare and send data to administrator – Two months

20. It is recommended that within two months of receiving a request from the scheme manager the Pension/Payroll team should provide all necessary data to the administrator.

Step five: Collate, prepare and send data CD–RSS to member – Timeframe to be mutually agreed by scheme manager and administrator

21. The administrator will then be required to produce a CD-RSS. This should be sent to the member within the mutually agreed timeframe. The CD-RSS must include information on the CD for both the relevant Legacy and Reformed Schemes, including membership, contributions, tax, and any adjustments that may be necessary.

22. On receipt of a positive election from the member the administrator should send an acknowledgement. The administrator will activate the record and complete any necessary additional adjustments to any other pension records that they hold for the Member, this will also include issuing a final RSS.

23. Details of any contributions owed by / refunded to the member should also be provided. The scheme manager and the administrator will need to work together to ensure that this process is clear for all parties.

Evidence and Scheme Manager Discretion

24. In all cases, the member must provide a short statement in their own words to confirm the decision that was made, the reasons for the decision, and what they would have done differently had the discrimination identified by the courts not occurred.

25. Evidence should be something that the member can be reasonably expected to obtain. It is not desirable to inadvertently prevent a member from qualifying due to their personal circumstances.

26. Further examples of evidence for the specific CDs are listed in the supplementary annexes. However, it is worth noting that the evidence examples provided are not exhaustive, there may be cases where evidence is provided which is not included in this document.

27. The scheme manager should review all evidence provided by the member to ensure that evidence provided answers the key questions and provides confirmation of:
- a. The decision the member made.
 - b. The reason(s) for that decision.
 - c. What the member would have done differently had the discrimination identified by the courts not occurred.
28. Scheme managers should ensure that their decision is documented for all cases. There is a section at the end of the CD claim form to record the decision and some key notes. Scheme managers will need to keep a separate record of cases, along with their decisions so that decisions can be auditable and transparent. To ensure good governance and oversight of decision making, scheme managers are encouraged to report details of CD claims and their outcome to Local Pension Boards. Such information will also be requested periodically by the LGA to provide clear oversight of the national picture.

Contingent Decision – Remediable Service Statement (CD-RSS)

29. When a CD claim is accepted, there is a requirement to provide the member with a CD-RSS. The CD-RSS will give the member all the information they need to decide about whether to make a CD election.
30. If the administrator does not already hold the data necessary for the CD-RSS the scheme manager will need to ensure that the request for the relevant data capture is sent to the Pension/Payroll Team.
31. The administrator will need information about the CD and should include details for both the relevant Legacy and Reformed Scheme, including membership, contributions, pay and any other financial data needed for both the data collection template and the contributions adjustment calculator.
32. Within the mutually agreed timeframes the administrator should produce the CD-RSS and provide it to the member. Along with information about the associated pension benefits, the CD-RSS will also contain details of the amount of contributions, less tax relief, plus interest due to the Legacy Scheme that the member will be required to pay and how they can pay this.

Election

33. The member has twelve months after the date of issue of the CD-RSS to make their election.
34. The member should complete the election form and return it directly to the administrator.
35. If no election is received after the first six months, it is recommended that the administrator sends a reminder to the member informing them of the time limits which apply.

36. If no election is received in the twelve-month period after issuing the CD-RSS, then the administrator should assume that the member does not wish to proceed with their claim. It is recommended that a letter is sent to the member confirming that the time limit has now elapsed. The administrator will need to ensure that the members record is updated accordingly, and that data is kept in line with normal retention schedules.
37. It is recommended that all outcomes should be reported to the scheme manager and Local Pension Board as part of the administrators usual reporting process.
38. For members where there has been, or there is likely to be a significant delay in paying any Immediate Choice or Deferred Choice pension benefits due to a CD then the scheme manager may consider it appropriate to use Regulation 12(8) of The Firefighters' Pensions (Remediable Service) Regulations 2023. This allows the Legacy Scheme only benefits to be paid to the member until such time as an Immediate Choice or Deferred Choice can be made.

Annex A: Opt-outs

Legislation

39. The re-instatement of Opted-Out Service is covered by three sets of regulations:

1. [The Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022)
 - Meaning of Opted-Out Service - [Section 36 of Chapter 1](#)
 - Election for retrospective provision to apply for Opted-Out Service - [Section 5 of Chapter 1](#)
2. [The Public Service Pensions \(Exercise of Powers, Compensation and Information\) Directions 2022](#) (The Directions)
 - Application of interest - [Directions 13 to 19 of Chapter 3 of Part 1](#)
3. [The Firefighters' Pensions \(Remediable Service\) Regulations 2023](#) (Firefighters' Scheme Remediable Regulations)
 - Opted-Out Service Elections - [Chapter 1 of Part 3](#)
 - Liabilities and Payment - [Part 9](#)

Eligibility Criteria

40. The meaning of Opted-Out Service is defined in [Section 36 of Chapter 1](#) of the PSPJOA 2022. This confirms that the first, third and fourth conditions of eligibility must be met, and that the second condition of eligibility would have been met if it were not for the Opted-Out Service.

41. The four conditions of eligibility are defined in [Section 1 of Chapter 1](#) of the PSPJOA 2022 as:

- a. Condition 1 – is that the service is during the period 1 April 2015 to 31 March 2022.
- b. Condition 2 – is that the service is pensionable under a Chapter 1 Legacy Scheme or would have been pensionable under the Legacy Scheme if the discrimination had not occurred.
- c. Condition 3 – is that the person was on or before 31 March 2012, in service in any employment or office that is pensionable service under a Chapter 1 Legacy Scheme.
- d. Condition 4 – is that there is no disqualifying gap in service falling within the period. This condition requires that the individual should not have a gap in service of five years or more i.e., between 31 March 2012 or, if earlier, the date they left service, and the date of re-joining.

42. This confirms that Opted-Out Service during the remedy period (1 April 2015 to 31 March 2022) can be considered for retrospective remedy if the member was in the Pension Scheme on or before 31 March 2012 (with no disqualifying gap).

43. Members who made a choice to opt out directly relating to the pension reforms prior to their transition date will be able to make a CD claim. Members will fall into one of two categories, which will largely depend on when the member opted out:

- a. Group 1: This group of members will have opted out during the period up to six months prior to their transition to the 2015 Scheme and ending on 28 February 2022¹.
- b. Group 2: This group of members will have opted out on or after 12 March 2012² and do not meet Group 1 conditions.

44. Members will not be eligible to make a CD claim for Opted-Out Service if they:

- a. Opted out before 12 March 2012, or
- b. Opted out more than six months prior to transition to FPS 2015, **and** did not opt out because of pension reform, or
- c. Opted out after 28 February 2022, or
- d. Did not opt out because of the pension reforms.

45. The scheme manager has discretion with the decision making of whether to accept a claim, but it should be noted that [Regulation 6\(6\) of Chapter 1, Part 3](#) of the Firefighters' Pensions (Remediable Service) Regulations 2023 states that the scheme manager cannot refuse an application that falls into [Group 1](#).

46. [Group 2](#) members will have to provide evidence to support the application. These cases have scheme manager discretion to determine if the claim can be accepted.

47. Under the Firefighters' Pensions (Remediable Service) Regulations 2023, only service within the remediable period 1 April 2015 to 31 March 2022 can be considered for re-instatement to the relevant Legacy Scheme via a remedy CD. Opted-Out Service that occurs prior to 1 April 2015 or after 31 March 2022 cannot be considered as part of a CD and any such periods are subject to the regulations in force at that time.

- a. In FPS 1992, once a member opts out, they cannot opt back in. If they want to re-join the Firefighters' Pension Scheme, they re-join FPS 2006, but there is an exception where the opt out occurs during the remedy period (1 April 2015 to 31 March 2022). Therefore, if a member opted out of FPS 1992 before 1 April 2015, then the relevant Legacy Scheme they are re-instated to is FPS 2006.
- b. If a member opted out during the remedy period, then they are re-instated to their relevant Legacy Scheme.
- c. If a member opted out of FPS 1992 during the remedy period, and then subsequently opted back in before 31 March 2022 and were enrolled into either FPS 2006 or FPS 2015, then the relevant Legacy Scheme they are re-instated to is FPS 1992 for the whole period.
- d. FPS 2015 provides for Scheme Manager discretion in when the opt-in can take place³. If the Member had remained opted out after 31 March 2022, the Scheme

¹ This is because an opt-out can only take effect from the end of the month. So, an opt-out at 28 February 2022 would take place by 31 March 2022.

² This is the date the pension reforms were finally announced, via a PCS PS WMS on 12 March - [Principal Civil Service Pension Scheme - Hansard - UK Parliament](#)

³ Regulation 12 - [The Firefighters' Pension Scheme \(England\) Regulations 2014 \(legislation.gov.uk\)](#)

Manager can use their discretion to allow the opt-in period to be retrospectively applied from 1 April 2022.

48. In the event that a member has died, [Part 1, Regulation 6.\(2\)\(b\)](#) of the Firefighters' Pensions (Remediable Service) Regulations 2023 confirms that an eligible decision maker can make an election. This person is determined in accordance with [Schedule Eligible decision-makers for deceased members](#).

Example Scenarios

To assist FRAs with the interpretation of the regulations please find eleven scenarios below which confirm in the first instance if the CD claim is valid and provides clarity on whether any additional evidence is required from the member before the Scheme Manager considers the claim.

Scenario one – Member opted out prior to 12 March 2012

[Regulation 6\(5a\)](#) of the Firefighters' Pensions (Remediable Service) Regulations 2023 confirm that only opt out cases which happened on or after 12 March 2012, but before 28 February 2022 can be considered under the terms of a contingent decision.

In this scenario the member's claim should automatically be rejected.

Scenario two – Member opted out after 28 February 2022

[Regulation 6\(5a\)](#) of the Firefighters' Pensions (Remediable Service) Regulations 2023 confirm that only opt out cases which happened on or after 12 March 2012, but before 28 February 2022 can be considered under the terms of a contingent decision.

In this scenario the member's claim should automatically be rejected.

Scenario three – Member opted out on or after 12 March 2012 and more than six months before their transition date into FPS 2015. For unprotected members this would be on or before 30 September 2014, taper protected members will need to be assessed on a case-by-case basis.

Regulations do permit these cases to be considered as a contingent decision.

Members are expected to provide the scheme manager with evidence which supports the claim that they would not have opted out if the discrimination identified by the courts had not occurred.

Regardless of the members original legacy scheme the only legacy scheme which the member is permitted to access is FPS 2006. This means that if the members original benefits were under FPS 1992 any deferred benefit entitlement remains deferred, however, should the member elect to re-join, and the gap be less than five years then the FPS 1992 deferred benefits will retain a final salary link. If the members original benefits were under FPS 2006 and providing the gap in service is less than five years, the FPS 2006 deferred benefits are cancelled, the original record is reactivated and following input of the appropriate service break benefit accrual is resumed.

Although a contingent decision may have been identified to have taken place prior to remedy period the regulations do not support the reinstatement of service before 1 April 2015. This therefore means that should the member elect for the contingent decision active service should resume on 1 April 2015.

Scenario four – Unprotected member opted out on or after 1 October 2014 but on or before 31 March 2015

Regulations do permit these cases to be considered as a contingent decision.

As the opt out occurred in the six-month window immediately before the remedy period there is no requirement for members to provide any supplementary evidence -This position is supported by [regulation 6\(6a\)](#).

Regardless of the members original legacy scheme the only legacy scheme which the member is permitted to access is FPS 2006. This means that if the members original benefits were under FPS 1992 any deferred benefit entitlement remains deferred, however, should the member elect to re-join, and the gap be less than five years then the FPS 1992 deferred benefits will retain a final salary link. If the members original benefits were under FPS 2006 and providing the gap in service is less than five years, the FPS 2006 deferred benefits are cancelled, the original record is reactivated and following input of the appropriate service break benefit accrual is resumed.

Although a contingent decision may have been identified to have taken place prior to remedy period the regulations do not support the reinstatement of service before 1 April 2015. This therefore means that should the member elect for the contingent decision active service should resume on 1 April 2015.

Scenario five – Taper protected member opted out on within the six-month window before transition and before 31 March 2015

Regulations do permit these cases to be considered as a contingent decision.

As the opt out occurred in the six-month window immediately before transition into FPS 2015 there is no requirement for members to provide any supplementary evidence -This position is supported by [regulation 6\(6a\)](#).

Regardless of the members original legacy scheme the only legacy scheme which the member is permitted to access is FPS 2006. This means that if the members original benefits were under FPS 1992 any deferred benefit entitlement remains deferred, however, should the member elect to re-join, and the gap be less than five years then the FPS 1992 deferred benefits will retain a final salary link. If the members original benefits were under FPS 2006 and providing the gap in service is less than five years, the FPS 2006 deferred benefits are cancelled, the original record is reactivated and following input of the appropriate service break benefit accrual is resumed.

Although a contingent decision may have been identified to have taken place prior to remedy period the regulations do not support the reinstatement of service before 1 April 2015. This therefore means that should the member elect for the contingent decision active service should resume on 1 April 2015.

Scenario six – Unprotected member opted out on or after 1 April 2015 and did not opt back in before 31 March 2022.

Regulations do permit these cases to be considered as a contingent decision.

As the opt out occurred during the remedy period there is no requirement for members to provide any supplementary evidence -This position is supported by [regulation 6\(6a\)](#).

In this scenario the member has opted out during the remedy period. This means that the original opt out can be 'nullified' and the member can be re-enrolled into their original legacy scheme. Subject to the member electing for a contingent decision, any deferred benefit should be cancelled, and active service reinstated.

Scenario seven – Taper protected member opted out on or after 1 April 2015, but within six months of their transition date to FPS 2015 and did not opt back in before 31 March 2022.

Regulations do permit these cases to be considered as a contingent decision.

As the opt out occurred during the remedy period and within six months before the members transition date to FPS 2015, there is no requirement for members to provide any supplementary evidence -This position is supported by [regulation 6\(6a\)](#).

In this scenario the member has opted out during the remedy period. This means that the original opt out can be 'nullified' and the member can be re-enrolled into their original legacy scheme. Subject to the member electing for a contingent decision, any deferred benefit should be cancelled, and active service reinstated.

Scenario eight – Taper protected member opted out on or after 1 April 2015, but more than six months before their transition date to FPS 2015 and did not opt back in before 31 March 2022.

Regulations do permit these cases to be considered as a contingent decision.

Members are expected to provide the scheme manager with evidence which supports the claim that they would not have opted out if the discrimination identified by the courts had not occurred.

In this scenario the member has opted out during the remedy period. This means that the original opt out can be 'nullified' and the member can be re-enrolled into their original legacy scheme. Subject to the member electing for a contingent decision, any deferred benefit should be cancelled, and active service reinstated.

Scenario nine – Unprotected member opted out on or after 1 April 2015 and opted back in before 31 March 2022.

Regulations do permit these cases to be considered as a contingent decision.

As the opt out occurred during the remedy period there is no requirement for members to provide any supplementary evidence -This position is supported by [regulation 6\(6a\)](#).

In this case, the member has opted out during the remedy period. This means that the original opt out can be 'nullified' and the member can be re-enrolled into their original legacy scheme.

The member has already opted back into the FPS at some point during the remedy period. Dependant on the members age they would have been enrolled into either FPS 2006 or FPS 2015. This means that as well as having an active record in either FPS 2006 or FPS 2015 the member may also have a deferred benefit, possibly in FPS 1992.

Subject to the member electing for a contingent decision, any deferred benefit should be cancelled, active status should be reinstated meaning that any ongoing, active post should be converted to original legacy scheme service.

Scenario ten – Taper protected member opted out on or after 1 April 2015, but within six months of their transition date to FPS 2015 and opted back in before 31 March 2022.

Regulations do permit these cases to be considered as a contingent decision.

As the opt out occurred during the remedy period and within six months before the members transition date to FPS 2015, there is no requirement for members to provide any supplementary evidence -This position is supported by [regulation 6\(6a\)](#).

In this scenario the member has opted out during the remedy period. This means that the original opt out can be 'nullified' and the member can be re-enrolled into their original legacy scheme.

The member has already opted back into the FPS at some point during the remedy period. Dependant on the members age they would have been enrolled into either FPS 2006 or FPS 2015. This means that as well as having an active record in either FPS 2006 or FPS 2015 the member may also have a deferred benefit, possibly in FPS 1992.

Subject to the member electing for a contingent decision, any deferred benefit should be cancelled, active status should be reinstated meaning that any ongoing, active post should be converted to original legacy scheme service.

Scenario eleven – Taper protected member opted out on or after 1 April 2015, but more than six months before their transition date to FPS 2015 and opted back in before 31 March 2022.

Regulations do permit these cases to be considered as a contingent decision.

Members are expected to provide the scheme manager with evidence which supports the claim that they would not have opted out if the discrimination identified by the courts had not occurred.

In this scenario the member has opted out during the remedy period. This means that the original opt out can be 'nullified' and the member can be re-enrolled into their original legacy scheme.

The member has already opted back into the FPS at some point during the remedy period. Dependant on the members age they would have been enrolled into either FPS 2006 or FPS 2015. This means that as well as having an active record in either FPS 2006 or FPS 2015 the member may also have a deferred benefit, possibly in FPS 1992.

Subject to the member electing for a contingent decision, any deferred benefit should be cancelled, active status should be reinstated meaning that any ongoing, active post should be converted to original legacy scheme service.

Evidence

49. The scheme manager must first assess whether the member falls into [Group 1](#) or [Group 2](#) as this determines whether evidence is needed for the claim.

50. To assess which Group the claim falls into, the scheme manager may need to obtain some verification of the transition date, Legacy Scheme and opt out date from the Pension/Payroll Team and or the Pension Administrator.

51. Members that fall into [Group 1](#) **do not** need to provide any additional evidence.

52. Members that fall into [Group 2](#) **do** need to provide other evidence which supports their claim.

53. *Examples of evidence that can be provided by the member:

- a. Information provided by the member to the employer or the administrator in the years before or during the remedy period about their intention regarding their continued membership.
- b. Information provided by the member to the employer or the administrator in the years before or during the remedy period about their intention regarding their retirement intentions.
- c. Information provided by the member to the employer or the administrator in the years before or during the remedy period about their intention regarding their request to leave or not join the scheme.
- d. Information provided by the member to confirm that they are a litigant in the injury to feelings claim in respect of the discrimination.
- e. A completed opt out form stating the reason for opting out.
- f. A statement from the member that they opted out due to the remedy and why.

*Please note, the list above is not exhaustive. Scheme managers should consider **all** evidence presented by the member and use their discretion to decide whether the evidence is appropriate and sufficient.

54. [Group 1](#) members should be automatically accepted.

55. For [Group 2](#) members, the scheme manager will need to review the statement and the additional evidence provided. If, in the scheme manager's opinion, the member has given evidence to support their claim, then this can be relied on, and their claim should be accepted.

56. Within two months of receiving a claim form, the scheme manager should review the form and all evidence provided, and make their decision:

- a. Where the member is a [Group 1](#) member, the scheme manager must not refuse the claim [Regulation 6\(6\)](#) (as set out in [Paragraph 9\(a\)](#) above).
- b. Where the member is a [Group 2](#) member, the scheme manager must give due consideration to the written statement and the additional supporting evidence and determine if the member has made a valid claim.

Providing contingent decision remediable service statements (CD-RSS)

57. Information about the Opted-Out Service should include all details for both the relevant Legacy and Reformed Schemes, including membership, contributions, pay and any other financial data needed for both the data collection template and the contributions adjustment calculator.

58. The administrator will need to create a pension record for the Opted-Out Service, and they will need to upload all the data to the record to hold the position for both the Legacy and Reformed Schemes for the period of Opted-Out Service.

59. The administrator will produce the CD-RSS and provide it to the member. The CD-RSS will need to show the options to the member about how any re-instatement of Opted-Out Service would affect any existing pension entitlements.

60. Along with information about the associated pension benefits, the CD-RSS will also contain details of the amount of contributions, less tax relief, plus interest due to the Legacy Scheme that the member will be required to pay and how they can pay this. More details can be found in the [Paying contributions](#) section of the document.

Election

61. The member has twelve months after the date of issue of the CD-RSS to make their election. The member should complete the election form and return it to the administrator.

62. The election to have their Opted-Out Service reinstated is deemed to have taken effect at that date of election and is irrevocable. This is set out in [Section 5\(3\) of Chapter 1](#) of the PSPJOA 2022.

63. When the election is received from the member, the administrator will need to “activate” the Opted-Out Service record. They will also need to take account of any other pension arrangements that the member has and where necessary amalgamate these and arrange to send the member a final version of the DC-RSS or IC-RSS.
64. HMRC have confirmed that for the purposes of Annual Allowance, the purchase by the member of previously Opted-Out Service is not dependent on the timing of the payment of employee contributions. The re-purchase of a member’s service is retrospective, and the Annual Allowance position follows from this, i.e., Pension Input Amounts will fall into the relevant past tax years.
65. This position is confirmed in [Section 5\(2\)\(b\) of Chapter 1](#) and [Section 2\(1\)\(b\) of Chapter 1](#) of the PSPJOA 2022. When taken together, this means that where an election in relation to Opted-Out Service is made, [Section 2\(1\)\(b\) of Chapter 1](#) applies and therefore the service is treated as being, and always having been, pensionable service under the relevant Chapter 1 Legacy Scheme.
66. The administrator will need to note if the member has elected to pay the arrears of contributions and interest by an initial lump sum or by periodical instalments, if either of these options have been selected, then arrangements will need to be made to collect the payments and details of how the member will make payment will need to be communicated to the member. Further information is included below in the [paying contributions](#) section of the document.
67. If no election is received in the election period, then the administrator can assume that the member does not wish to proceed with their claim. The administrator will need to ensure that the record is updated accordingly, and data is kept in line with normal retention schedules. It is recommended that this should be reported to the scheme manager and Local Pension Board as part of a administrators usual reporting process.

Paying contributions

68. If the member has made an election, they will need to pay the contributions that they would have made, plus interest, as set out in the [PSPJOA](#) and [HM Treasury Directions](#) for reinstatement of Opted-Out Service that occurs within the remedy period.
69. Employer contributions will be picked up through future valuations.
70. Deferred Choice Members can choose one of the following ways to pay the amount due:
- a. Pay by lump sum within three months of receiving the final DC-RSS which is sent after an election has been made.
 - b. Pay by periodical contributions over a fixed term of fourteen years.
 - i. Where the member would make a [Section 10](#) election (Deferred Choice election) before the end of the fourteen year term, any balance can either be paid directly by the member or be deducted from pension benefits (including lump sum).
 - c. Pay by lump sum within three months of receiving their annual DC-ABS/RSS.
 - d. Pay by lump sum when the member makes a [Section 10](#) election (Deferred Choice election) the balance can either be paid directly by the member or be deducted from pension benefits (including lump sum).

71. If the member wishes to pay the amount due by option a), b) or c) above and the member is still employed, the contributions must only have interest applied and not be adjusted for tax relief. In these cases, the member will have to apply directly to HMRC to obtain the tax relief that applies to them.

72. Immediate Choice Members can:

- a. Pay by lump sum when the member makes a Section 6 election (Immediate Choice election) the balance can either be paid directly by the member or be deducted from pension benefits (including lump sum).

73. Where a member elects to pay by periodical payments, the scheme manager will need to set up a Direct Debit/Standing Order Mandate for the specified monthly amount. The scheme manager will need to arrange for the receipt of payments to be recorded on a remittance schedule and ensure that all contributions are collected.

74. Where a member defaults on periodic payments, normal debt recovery processes should be put in place. Alternatively, Regulation 66(10) of Chapter 4, Part 9 of the Firefighters' Pensions (Remediable Service) Regulations 2023 gives the specific power to enable scheme managers to deduct any outstanding liabilities from any pension benefits that are paid to the member from the FPS.

75. The scheme manager and the administrator will need to liaise with each other when a member makes a Section 10 election if this is prior to the completion of the periodical contributions. Arrangements will need to be put in place to either obtain payment of any outstanding balance or confirmation provided of the amount to be deducted from the pension benefits.

Annex B: Additional Service Legislation

76. The remediable arrangements to pay voluntary contributions to the Legacy Scheme is covered by three sets of regulations:

1. [The Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022)
 - Remediable arrangements to pay voluntary contributions to legacy schemes - [Section 25 of Chapter 1](#)
2. [The Public Service Pensions \(Exercise of Powers, Compensation and Information\) Directions 2022](#) (The Directions)
 - Remedial arrangements to pay voluntary contributions to legacy schemes - [Direction 12\(2\) to \(7\) of Chapter 2 of Part 1](#)
 - Application of interest - [Directions 13 to 19 of Chapter 3 of Part 1](#)
4. [The Firefighters' Pensions \(Remediable Service\) Regulations 2023](#) (Firefighters' Scheme Remediable Regulations)
 - Voluntary Contributions - [Regulation 29 of Part 5](#)
 - Liabilities and Payment - [Part 9](#)

Eligibility Criteria

77. The remediable arrangements to pay voluntary contributions to secure Legacy Scheme added years is set out in [Regulation 29 of Part 5](#) of The Firefighters' Pensions (Remediable Service) Regulations 2023.

78. [Regulation 29\(1\)](#) sets out the initial criteria, which confirms that:

- a. The member must not be a deceased member and,
- b. The member was, immediately before 1st April 2022, not a full protection member of FPS 1992 or FPS 2006 i.e. they were either an unprotected or tapered member.

79. [Regulation 29\(4\)\(b\)\(ii\)](#) confirms that in connection with making an election to pay voluntary contributions for added benefits:

- a. A FPS 1992 Legacy scheme member will still need to comply with any requirement imposed by [regulation G5 of The Firefighters' Pension Scheme Order 1992](#), or
- b. A FPS 2006 Legacy scheme member will still need to comply with [Part 11, Chapter 2, Paragraph 5 of The Firefighters' Pension Scheme \(England\) Order 2006](#).

80. Members who meet the eligibility criteria will be able to make a CD claim to retrospectively pay voluntary contributions to the legacy scheme to buy added years.

Evidence

81. [Regulation 29\(3\)](#) confirms that a member may only enter a remediable arrangement in respect of a period of service in the remedy period (1 April 2015 to 31 March 2022) where sufficient evidence is provided to satisfy the scheme manager that were it not for the discrimination, the member would have been more likely than not to have entered a similar arrangement.
82. Members will have to provide evidence to support the application and these cases have scheme manager discretion to determine if the claim can be accepted or if it will be refused.
83. *Examples of evidence that can be provided by the member to support their claim:
- a. An added pension account in the 2015 scheme.
 - b. Information provided by the member to the employer or the administrator in the years before or during the remedy period about their intention regarding paying additional contributions to increase benefits.
 - c. Information provided by the member to confirm that they are a litigant in the injury to feelings claim in respect of the discrimination.
 - d. A statement from the member that they would have bought Additional Service in the Legacy Scheme but didn't due to the discrimination and why.

*Please note, the list above is not exhaustive. Scheme managers should consider **all** evidence presented by the member and use their discretion to decide whether the evidence is appropriate and sufficient.

84. Within two months of receiving a claim form, the scheme manager should review the form and all evidence provided and make their decision.
- a. It is recommended that if a member did pay added pension into the 2015 scheme and has an entitlement to receive a compensation payment under [Regulation 27](#) of The Firefighters' Pensions (Remediable Service) Regulations 2023 that the CD claim should be automatically accepted. This is supported by the Home Office in the [consultation response](#) paragraph 6.56.

Providing contingent decision remediable service statements (CD-RSS)

85. The administrator will need to create a pension record for either Additional 60ths or Added Years in the relevant Legacy Scheme and upload all the necessary data to the record.
86. The administrator will also need to adjust the contributions record accordingly to show the arrears of the additional contributions due, with adjustments for tax relief and interest.
87. The administrator will produce the CD-RSS and provide it to the member. The CD-RSS will need to show the options to the member about how any election to purchase Additional Service in the Legacy Scheme would affect any existing pension entitlements.

88. It is suggested that in all cases, information is provided as if the Member elects for Additional Service from the date of their first birthday which falls in the Remedy Period, unless the member has specified a later birthday on their CD claim form.
89. Along with information about the associated pension benefits, the CD-RSS will also contain details of the amount of arrears of additional contributions, less tax relief, plus interest due to the Legacy Scheme that the member will be required to pay and how they can pay this. It will also need to show what the ongoing gross monthly deductions will be from the members pay. More details can be found in the [Paying contributions](#) section of the document.

Election

90. The member has twelve months after the date of issue of the CD-RSS to make their election. The member should complete the election form and return it to the administrator.
91. The member can elect to start paying contributions from the date of their first birthday in the Remedy Period, or any subsequent birthday in the Remedy Period. Therefore, the earliest date the additional contributions can commence is 1 April 2015 and the latest date is 31 March 2022.
92. When the administrator issues a final RSS to the member, this will need to include an updated amount in respect of the arrears as these will be due from the date that the member elects for the additional contributions to commence up to either:
- a. If the member is not an active member of the scheme - the date the contract would have ceased, or the date of retirement if this is earlier.
 - b. If the member is an active member of the Scheme – the end of the payroll period before the ongoing contributions will be deducted from pay.
93. If no election is received in the election period, then the administrator can assume that the member does not wish to proceed with their claim. The administrator will need to ensure that the record is marked accordingly, and data is kept in line with normal retention schedules.

Paying contributions

94. If the member has made an election to purchase Additional Service in their Legacy Scheme, they will need to pay the additional contributions that are due plus interest as set out in the PSPJOA, HM Treasury Directions and The Police Pensions (remediable Service) Regulations 2023. The relevant Regulations are set out in the [Legislation](#) section of the document.

95. Deferred Choice members can choose one of the following ways to pay the arrears that are due:

- a. Pay by lump sum within three months of receiving the final DC-RSS which is sent after an election has been made.
- b. Pay by lump sum within three months of receiving the annual DC-ABS/RSS.
- c. Pay by lump sum payment when the member makes a Section 10 election (Deferred Choice election) the balance can either be paid directly by the member or be deducted from pension benefits (including lump sum).

96. If the member wishes to pay the amount due by option a) or b) above and the member is still employed, the contributions must only have interest applied and not be adjusted for tax relief. In these cases, the member will have to apply directly to HMRC to obtain the tax relief that applies to them.

97. Immediate Choice members can:

- a. Pay by lump sum when the member makes a Section 6 election (Immediate Choice election) the balance can either be paid directly by the member or be deducted from pension benefits (including lump sum).

98. Where a member is still an active member of the scheme, they will have ongoing monthly additional contributions which will be due until their Normal Pension Age. Ongoing additional contributions are not subject to interest, and therefore the administrator will need to arrange with the FRA for them to be collected from the members pay in the usual way. This will ensure that any ongoing contributions attract the right amount of tax relief for the member via PAYE.

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

Standards & Governance Committee

Purpose: Noted

Date: 11 December 2023

Title: **INTERNAL AUDIT PROGRESS REPORT 2023/24**

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 13 November 2023.

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 2023/24 plan was prepared on the basis of risk and audit need and agreed with senior managers and endorsed by Hampshire & Isle of Wight Fire & Rescue Authority's Standards and Governance Committee 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 & Isle of Wight Fire & 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 2023/24 and the outcomes to date are noted, or not noted, by Hampshire & Isle of Wight Fire & 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 2023/24. Along with the issues arising to date.

RECOMMENDATION

14. That the progress in delivering the internal audit plan for 2023/24 and the outcomes to date be noted by Hampshire & Isle of Wight Fire & Rescue Authority Standards and Governance Committee.

APPENDICES ATTACHED

Appendix A: Internal Audit Progress Report

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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 2023-24

November 2023

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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 & Isle of Wight Fire & 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 & Isle of Wight Fire & Rescue Authority that these arrangements are in place and operating effectively.

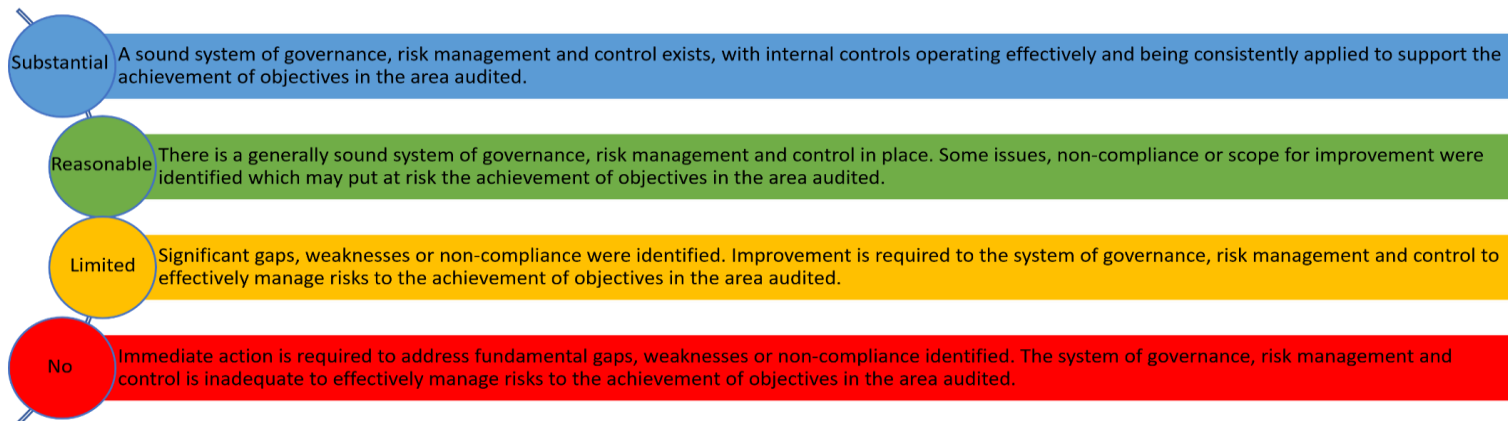
The Hampshire & Isle of Wight Fire & Rescue Service’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

2. Purpose of report

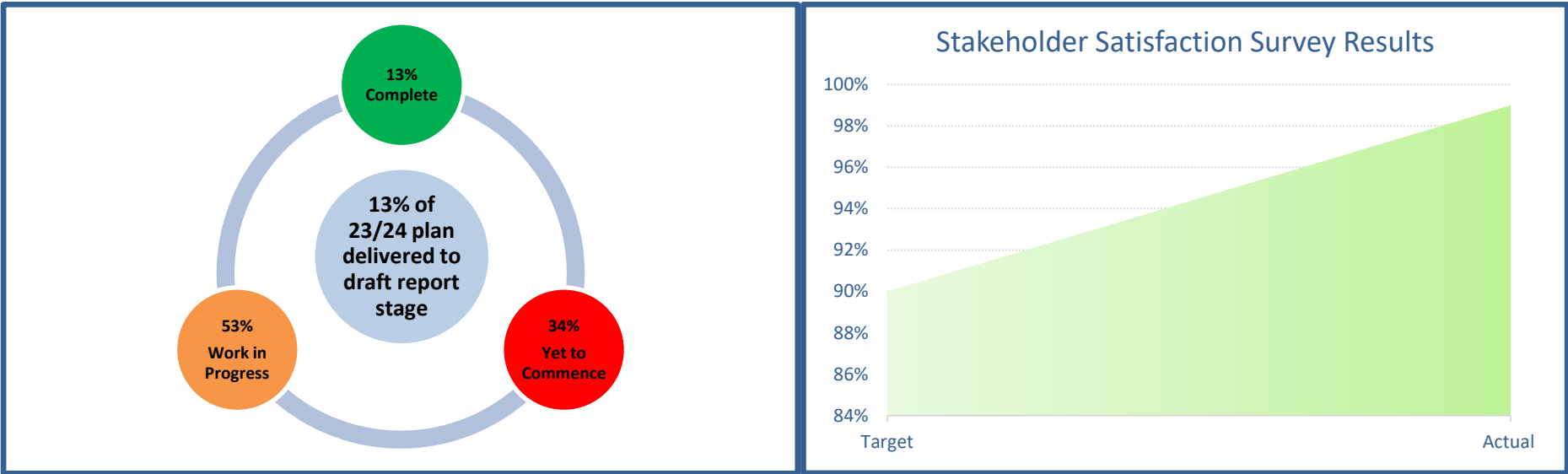
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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:



3. Performance dashboard



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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
Referral Pathways	16.11.21	D of O	Limited	19 (10)	0 (0)	19 (10)			
Prevention and Protection	24.02.22	D of O	Reasonable	3 (0)	0 (0)	2 (0)		1	
Pay Claims (Recurring Allowances) **	11.07.22	D of P&OD	Reasonable	1 (0)	0 (0)	1 (0)			
Assurance over the competence of operational response capability **	09.02.23	D of O	Limited	7 (6)	0 (0)	7 (6)			
Purchasing Cards**	29.03.23	DFO	Limited	7 (6)	0 (0)	7 (6)			
Cyber security controls	05.05.23	D of CS	Reasonable	11 (3)	2(0)	9 (3)			
ICT systems and governance	31.07.23	D of CS	Reasonable	12 (2)	3(0)	9 (2)			
Analytical Risk Assessments	24.10.23	D of O	Limited	6 (0)	6 (0)	0 (0)			
ICT Major Incident Management	16.11.23	D of CS	Reasonable	12 (5)	9 (5)	3 (0)			
Total				78 (32)	20 (5)	57 (27)	0	1	0

*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

There has been one final report published concluding a ‘limited’ or ‘no’ assurance opinions since our last progress report.

Audit Review	Audit Sponsor	Assurance opinion	Management Actions		
Analytical Risk Assessments	Director of Operations	 Limited	 Low - 0	 Medium - 6	 High - 0

Summary of key observations:

The purpose of the audit was to examine the governance in place for the Analytical Risk Assessment (ARA) process including policies, procedures, guidance, templates, and training; and whether the records are completed and retained in line with National Operating Guidance. The review included sample testing of ARAs to ensure completion is full, timely and consistent and that they have been approved by an appropriately trained officer. A sample of 20 incidents was selected for audit testing, specifically where five pumps or more were confirmed in attendance and the incident time was over an hour. Due to difficulty in obtaining required evidence we were only able to test nine out of the 20 selected.

We found roles and responsibilities are clear and supported by training which covers the completion and review of the ARA to the required standard. We found guidance in place for the Service’s approach to risk assessments and incident command, but there is no detailed guidance to clearly set out expectations and requirements regarding completion of the ARAs. The ARAs sampled contained insufficient detail of the incident and were missing sign off evidence. Quality assurance is not being undertaken and ARAs are only reviewed if an accident investigation takes place, due to resourcing issues.

6. Planning & Resourcing

The internal audit plan was approved by the Standards and Governance Committee on 22 March 2023.

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

2022/23

Audit Review	Sponsor	Scoping	Terms of Ref	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
HIWFRA Audit Plan 2022/23								
Analytical Risk Assessments	D of O	✓	✓	✓	✓	24.10.23	Limited	

2023/24

Audit Review	Sponsor	Scoping	Terms of Ref	Fieldwork	Draft Report	Final Report	Assurance Opinion	Quarter	Comment
HIWFRA Audit Plan 2023/24									
Benefits Management	DCFO	✓	✓	✓				Q1	Close meeting 11 Dec
ICT Major Incident Management (ITIL based)	D of CS	✓	✓	✓	✓	16.11.23	Reasonable	Q2	
ICT Assurance Mapping and Coverage Analysis Based on ITIL 4 Practices	D of CS	✓	✓	✓				Q3	
Long-term sickness absence management and restricted duties	D of P&OD	✓	✓	✓				Q3	ToR issued 15 Nov
Overtime	DCO	✓						Q3	Scoping meeting 29 Nov
Contaminants	D of CS	✓						Q3	Scoping meeting 16 Nov
Health and Safety Training	DCFO	✓						Q3	
Financial management – capital expenditure	CFO							Q4	
False Alarms	D of O							Q4	

Audit Review	Sponsor	Scoping	Terms of Ref	Fieldwork	Draft Report	Final Report	Assurance Opinion	Quarter	Comment
Business Inspection and Use of Enforcement Powers	D of O							Q4	
NFI	DCFO	N/A	N/A	✓				Q1-4	
Follow up	Various							Q4	
Shared Services Audit Plan 2023/24	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								
Procurement								Q4	
Restructures								Q4	
PCI DSS		N/A	N/A	✓	N/A	✓	N/A	Q1-2	

Audit Sponsors

CO	Chief 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)	H of G&A	Head of Governance and Assurance
D of P&OD	Director of People and Organisational Development	SFBP	Senior Finance Business Partner
CFO	Chief Finance Officer	HR BP	HR Business Partner
AD (Pr&Pr)	Assistant Director (Prevention and Protection)	H of P	Head of Performance
AD (P&P)	Assistant Director (Policy and Planning)	N/A	Not applicable

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2023/24	
Removed from the plan	Reason
Provided Vehicles	A Q2 audit, removed from the plan in July 2023 as HMRC has given notice that they will be undertaking an inspection on provided vehicles. Audit needs will be assessed following the outcome of the inspection.
Added to the plan	Reason
False Alarms	Incorporated into the plan following findings from an HMICFRS inspection, resulting in additional assurance required in Q4.
Business Inspection and Use of Enforcement Powers	Incorporated into the plan following findings from an HMICFRS inspection, resulting in additional assurance required in Q4.

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

HIWFRA Standards and Governance Committee

Purpose: **Noted**

Date: **11 December 2023**

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

Report of Chief Fire Officer

SUMMARY

1. The purpose of this report is to provide the Standards and Governance Committee Members with the latest update on the medium and high internal audit management actions that have not been completed within the agreed target date and are now overdue. The Standards and Governance Committee has a key scrutiny role in monitoring the implementation of internal audit management actions.

BACKGROUND

2. Internal audit is provided by the Southern Internal Audit Partnership (SIAP) and is one of various assurance mechanisms that the Service utilises as part of our wider assurance programme. Our assurance programme includes internal and external assurance mechanisms with external mechanisms including from His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and ISO certification testing.
3. In terms of internal audit, the Hampshire and Isle of Wight Fire and Rescue Service (HIWFRS) Organisational Assurance team maintains mechanisms to monitor management actions that are as a result of finalised internal audits. The team record whether management actions are in progress and on target, have been delayed and extended or have been completed. Heads of Service are responsible for the delivery of management 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:
 - (a) the priority of the recommendation;
 - (b) the target date for implementation; and

(c) the person responsible for the action.

5. The Organisational Assurance team will ask for confirmation and evidence that an action has been completed, 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. Outstanding audit recommendations are monitored regularly by the Director of Policy, Planning and Assurance and the Head of Governance and Assurance.

MANAGEMENT ACTIONS

6. The table below lists those recommendations that are currently outstanding beyond their agreed target date and states if they are of medium (M) or high (H) priority. There is a brief commentary against each management action.

Internal Audit Management Actions			
Competency, Resourcing and Succession planning – Prevention and Protection			
Implementation of the new Gartan management system and the 'Expert Module' will resolve the issue that currently exists in relation to tracking non-operational competencies. This is dependent on the project team delivering against their timeline.	31 October 2022, revised to 31 March 2023, revised to April 2024.	M	The tracking of Prevention and Protection specific competencies needs to be manually set up within the Gartan Expert system by HIWFRS and this is being progressed between the ICT Systems Team and the Prevention and Protection teams. This will be delivered by April 2024. It is important to note, however, that there is current mitigation provided by a locally held training database.

MANAGEMENT COMMENTARY

7. Only medium and high overdue management actions are reported to the Committee. There is currently one overdue action which has a long due date. This will continue to be reported to the Authority until such time as the work is complete.

8. Since the last committee meeting, the overdue Purchasing Cards audit management actions have been completed and this Audit is now closed. The overdue Referral Pathways actions have also now been completed. The Prevention and Protection Quality Assurance frameworks have been developed and are now being implemented.
9. SIAP have finalised two audits, the Analytical Risk Assessment Audit from the 2022/23 audit plan and the ICT Major Incident Management audit from the current audit plan. The Analytical Risk Assessment audit received limited assurance, and as a result of the limited assurance, has six medium priority management actions which will be progressed by the relevant Head of Service. The ICT Major Incident Management Audit received reasonable assurance and associated actions are being managed.
10. Overall, there 21 open audit actions which are being monitored by the Organisational Learning and Assurance team (compared to 20 open actions in the last quarter).

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

11. By ensuring the implementation of internal audit recommendations, we ensure the improvement of processes and governance arrangements which will contribute to making life safer. This also 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

12. The Southern Internal Audit Partnership (SIAP) provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
13. Our internal audit procedure outlines how HIWFRS and the Southern Internal Audit Partnership (SIAP) collaborate. 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

14. 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.
15. The management of internal audit actions is carried out within current resources.

IMPACT ASSESSMENTS

16. Impact assessments have not been required for this report.

LEGAL IMPLICATIONS

17. There are no legal implications arising from this report, however the provision of Internal Audit is a requirement of The Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

RISK ANALYSIS

18. Failure to implement internal audit recommendations and management actions leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in controls. Internal management of audit recommendations and actions is an important process which forms part of the management of risk. 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

19. 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 and have regular discussions with our internal auditors, the Southern Internal Audit Partnership.

CONCLUSION

20. 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 Heads of Service, who work with their teams to ensure progress is made.

RECOMMENDATION

21. That the 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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