

A person in a blue suit is holding a silver pen and pointing at a tablet. The tablet displays a bar chart with several bars of varying heights and colors (green, yellow, orange, red). The background is dark and out of focus.

# Hampshire and Isle of Wight Fire and Rescue Authority

## Value for Money Interim Report

Year ended 31 March 2023

01 March 2024



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

01 March 2024

Dear Standards and Governance Committee Members

2022/23 Value for Money Report

We are pleased to attach our interim commentary on the Value for Money (VFM) arrangements for Hampshire and Isle of Wight Fire and Rescue Authority. This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit year 22/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

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

We welcome the opportunity to discuss the contents of this report with you at the Standards and Governance Committee meeting on 18<sup>th</sup> March 2024.

Yours faithfully

Kevin Suter

Partner

For and on behalf of Ernst & Young LLP

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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/auditquality/statement-of-responsibilities/>). 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 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 Standards and Governance Committee and management 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 and management 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 and management 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.



BOARDROOM



# 01 Executive Summary



# Executive Summary

## Purpose

Auditors are required to be satisfied that the Fire Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken during the period 2022/2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit year 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.



# Executive Summary (continued)

## Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Fire Authority committee reports;
- meetings with the Chief Finance Officer;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Fire Authority management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Fire Authority's VFM arrangements.

As a result, we have no matters to report by exception at this stage of the audit and we will update our interim reporting as part of issuing the final commentary in the Auditor's Annual Report later in the year.

# Executive Summary (continued)

## Reporting

Our interim commentary for 2022/23 is set out over pages 9 to 12. The interim commentary on these pages summarises our understanding of the arrangements at the Fire Authority based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23. We include within the VFM commentary below the associated recommendations we have agreed with the Fire Authority.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2021/22 Auditor's Annual Report and have been updated for 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Fire Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Fire Authority ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Fire Authority uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified



# Executive Summary (continued)

## Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Fire Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Fire Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2023

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 2023:

[EY UK 2023 Transparency Report | EY UK](#)



## 02 Value for Money Commentary

# Value for Money Commentary

Financial Sustainability: How the Fire Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

During the year the Fire Authority continued to effectively manage their budgets, and look to the future through their Medium Term Financial Plan (MTFP). They responded well to cost pressures as they emerged, within the context that effective financial planning does remain difficult due to continuing uncertainties in the funding that will be made available to Authorities.

The Fire Authority prepares a revenue budget and a forward financial forecast for three years each year for consideration by the members. This plan considers the financial climate at both the local and national level together with available resources and budgetary pressures in arriving at a financial strategy.

The 22/23 Budget and Precept Requirement which was approved in February 2022. It was recommended in this report that Council Tax was increased by the maximum level of £5 for a Band D equivalent property (7.10% increase on all bands) for 2022/23.

The Authority was able to deliver a small net underspend of £0.165m for 2022/23. The underspend will be added to reserves to support the future priorities of the Authority. The outturn position was achieved through strong financial management of expenditure budgets as well as several temporary factors impacting costs (such as difficulties in recruiting to specialist posts) and higher than budgeted income. Additional income included the beneficial impact of higher interest rates on its balances, while the Authority also benefited from temporarily lower capital financing costs due to slower than planned progress in delivering the approved capital programme. The Authority was also able to deliver the £0.8m of efficiency savings built into the budget, which were achieved through a strong focus on financial management within the Operations directorate and the removal of an Assistant Chief Officer role from the structure.

The Budget and Precept Requirement, including the Medium Term Financial Plan has since been updated, with the latest iteration taken to the Fire Authority meeting during February 2024. The headline position of this report is that a balanced budget is proposed for 2024/25 with the recommendation is to increase Council Tax by the maximum level of 2.99%. The Medium Term Financial Plan presented in this report shows a more challenging financial position facing the service from 2025/26 onwards with a budget gap of £2.896m in 2025/16 increasing to £5.952m in 2027/28.

The forecast budget gaps are a result of pressures, one-off funding ceasing and other funding increasing at a level below inflation. Should any of these assumptions prove to be incorrect, the budget gap could be greater or less than forecast. It is noted that the MTFP position has been developed using prudent assumptions and within the report, management have listed a number of options for addressing the deficits going forward including developing a plan during 2024/25 to improve efficiency of the service and to deliver cashable reductions in the budget from 2025/26. This plan will be based on the outputs of the Safety Plan work and will look at current resources compared to risks. This approach is in line with the Authority's financial principles.

Conclusion: Based on the work performed, the Fire Authority had proper arrangements in place in 2022/23 [and other relevant years] to enable it to plan and manage its resources to ensure that it can continue to deliver its services

# Value for Money Commentary (continued)

Governance: How the Fire Authority ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Authority is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management.

The Authority has a number of arrangements in place to ensure that appropriate decisions are made. There is a clear decision policy to provide clarity of the role and expectations of all involved in the process to ensure that any decision reached by the Chief Fire Officer is done so in an open and transparent way.

To ensure effective leadership throughout the entity, members and chief officers work together to deliver agreed plans with defined functions and roles. These roles and responsibilities are set out in the Constitution including those for the Standards & Governance Committee and the rules under which they operate.

The Authority has an effective corporate risk management framework in place to identify, mitigate and monitor the risks in delivering strategic objectives. This includes both financial and non-financial risks. The risk register is reviewed throughout the year by the Standards & Governance Committee. The Authority has adopted a number of codes and protocols that govern the standards and behaviour expected of members and officers. These include codes of conduct for both officers and members and cover conflicts of interest and gifts and hospitality and appropriate policies for partnership working.

The Authority has a sound management philosophy, demonstrates clarity of purpose and focus, with emphasis on performance and risk management.

The Authority published their draft 2022/23 financial statements for audit on the 31 May 2023, in line with the Audit and Accounts regulations, and advertised and held an inspection period for members of the public in line with these regulations. We confirm that the 2022/23 draft financial statements were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Council has carried out bank reconciliations during the year. Therefore, appropriate arrangements for financial reporting were in place during 2022/23.

Conclusion: Based on the work performed, the Fire Authority had proper arrangements in place in 2022/23 [and other relevant years] to make informed decisions and properly manage its risks.

# Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Fire Authority uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Authority produces a Safety Plan which sets out its priorities and responsibilities.

The Safety Plan was launched in April 2020 sets out how the entity looks at risks and how they respond to these risks. It sets out a long term approach to achieving the purpose of "Together We Make Life Safer".

The Authority has a comprehensive set of performance indicators that enable them to monitor performance against the plan. Reviewing the performance ensures that services remain tailored to specific risks and opportunities facing the Authority. This is presented to the Fire Authority.

Through this plan the strategic objectives and priorities are stated, showing the steps to be taken in order for these to succeed. This then links back to the budget and the financial information available i.e. MTFP to show how these strategic objectives and priorities can be achieved.

We note that in 2023, the Fire Authority agreed a proposal to produce its next Safety Plan covering 2025-2030. This was based around a 2-stage approach: Stage 1 involved assessing all foreseeable fire and rescue related risk with Stage 2 identifying and consulting on possible mitigations. A report was presented to the October 2023 Fire Authority meeting which confirmed that Stage 1 had been completed and that work on stage 2 will begin. The new updated Safety Plan is due to the Fire Authority in Autumn 2024.

His Majesty's Inspectorate of Constabulary, Fire & Rescue Services (HMICFRS) published its inspection report of the Authority in January 2023. It rated the Authority:

- Effectiveness: Good
- Efficiency: Requires Improvement
- People: Requires Improvement.

In our assessment we considered the HMICFRS judgements, and the impact on our VFM criteria. We did not assess that the detailed judgements and evidence, where relevant to the VFM criteria, presented a risk or evidence of significant weakness in the Authority's arrangements.

Conclusion: Based on the work performed, the Fire Authority had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



# 03 Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

### Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

### Arrangements in place

Regarding financial planning, the Authority works to refine budgets and the Medium Term Plan Strategy (MTFP) to respond to cost pressures as they emerge, and recognises that effective financial planning remains difficult due to continuing uncertainties in the funding that will be made available to Authorities. The Fire Authority prepares a revenue budget and a forward financial forecast for three years each year for consideration by the members. This plan considers the financial climate at both the local and national level together with available resources and budgetary pressures in arriving at a financial strategy.

The 22/23 Budget and Precept Requirement was approved by the HIWFRA Full Authority in February 2022. For 22/23 it was recommended that the Fire Authority increased Council Tax by the maximum amount of £5 on a Band D equivalent property (7.10% increase on all bands) due to the financial pressures (i.e., the risk reduced central government funding and increased costs). However, it is noted that the headline position is that the budget was balanced.

#### Medium Term Financial Plan (MTFP)

The 22/23 Budget and Precept Requirement which was approved in February 2022 stated that “The Government announced a further one-year funding settlement in December 2021. Despite the lack of a medium-term financial settlement, a Medium-Term Financial Plan (MTFP) has been produced, covering the period 2022/23 to 2024/25”. The MTFP at this stage showed budget deficits for 2023/24 and 2024/25 at £189k and £761k respectively.

We note that an updated Medium Term Financial Plan was presented to the Fire Authority (Full Authority) in February 2023 which covers a period of 2023/24 – 2026/27. The MTFP illustrates that in financial years 2023/24 to 2026/27 there will be a forecast modest budget deficit which will be partly managed using draws from the Grant Equalisation Reserve, a reserve held for this purpose. The remaining deficit will be addressed by other means.

The MTFP highlights that financial planning has been a risk for several years and the recent single year settlement means that the risk is still current. The Authority noted the main risks around the MTFP:

- Financial planning uncertainty due to single year settlement
- Risk of reduced funding from central government
- Impact of inflation and increase in interest rates

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (cont.)	<p>These risks would apply pressure on the Authority's financial position but there are mitigations in place which mean the Authority is in a strong position to deal with impact should these risks materialise.</p> <p><u>Annual Budget Setting Process</u></p> <p>The Chief Financial Officer is responsible for ensuring that a revenue budget and a forward financial forecast for three years is prepared each year for consideration by the members. The members, in consultation with the Chief Financial Officer, are responsible for issuing guidance on the general content of the budget as soon as possible following approval by the Authority. The precept has to be notified to the billing authorities by the end of February in respect of the ensuing financial year. It must be supported by a balanced budget approved by the Authority in consultation with the Chief Fire Officer and Chief Financial Officer.</p> <p>The Chief Financial Officer is responsible for providing appropriate financial systems to enable budgets to be monitored effectively. The Chief Financial Officer must monitor expenditure against budget allocations and report regularly to the members on the overall position. Updates to the overall budget position is reported through budget update reports which are taken to the Authority on a quarterly basis. These reports provide an update on the current year budget financial monitoring position and the forward looking budget setting position.</p> <p>The Chief Fire Officer is responsible for controlling income and expenditure on their budgets and for monitoring performance, taking account of financial information provided by the Chief Financial Officer. The Chief Fire Officer should report on variations and take any action necessary to avoid exceeding budgets and should alert the Chief Financial Officer to any problems.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>As noted above, the Authority operates a Medium-Term Financial Plan and annual budget in order to conduct their financial planning. The Authority aims to balance any funding gaps through the use of reserves or through reduced contributions to reserves. Using this approach, the Authority is able to maintain a stable financial outlook.</p> <p>The Authority will also look to mitigate any risks by looking for further options for efficiency savings across all areas as part of their drive for continuous improvement. The Authority has set up an efficiency plan which was approved by the Authority in February 2023. The efficiency plan is in place to deliver cashable efficiencies or limiting future cost increases. This should mean that reinvestment is possible to enhance the Service.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

### Reporting criteria considerations

### Arrangements in place

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Authority has financial planning process, and monitoring processes in place to help ensure the continuances of their services. In order to ensure these finances support the delivery of services the Authority produces a "Safety Plan" which sets out the priorities and responsibilities of the Authority. The Authority also has a statutory duty to produce an Integrated Risk Management Plan, and the "Safety Plan" fulfils this function by setting out how the entity looks at risk and how they respond to these risks. The budget has regard to this plan in identifying the financial resources to be allocated towards the priorities within the Safety Plan.

We note that in 2023, the Fire Authority agreed a proposal to produce its next Safety Plan covering 2025-2030. This was based around a 2-stage approach: Stage 1 involved assessing all foreseeable fire and rescue related risk with Stage 2 identifying and consulting on possible mitigations. A report was presented to the October 2023 Fire Authority meeting which confirmed that Stage 1 had been completed and that work on stage 2 will begin. The new updated Safety Plan is due to the Fire Authority in Autumn 2024.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

Throughout the financial planning i.e. budget and MTFP, consideration of other plans such as capital and treasury management takes place. The Capital, Investment and Reserves strategies all form part of the annual budget setting process with the strategies being taken for approval at the same time as the revenue budget.

HIWFRA's Medium Term Financial Plan ensures that the Authority continues to invest in existing assets and deliver a programme of new ones, in line with overall priorities and need. This is kept under review by the Authority, with updates being provided on an annual basis for the MTFP.

Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget and capital programme and provide an adequate contingency for financial risks. However, the Authority appropriately notes that reserves only provide one-off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>Please see documentation above about the annual budget setting process, MTFP and Safety Plan that the Authority has in place. Throughout the preparation of each of these, risks are taken into consideration in order to see how they impact certain areas and what the financial implications of these risks might be.</p> <p>Monitoring of that budget through the year then identifies emerging trends and risks, and these are taken into account in the subsequent budget setting identifying pressures and changes since the prior budget setting or update reports.</p> <p>The Authority has an effective corporate risk management framework in place to identify, mitigate and monitor the risks to the Authority in delivering strategic objectives. This includes both financial and non-financial risks. The risk register is reviewed throughout the year and reported to the Standards and Governance Committee.</p>

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

### Arrangements in place

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Authority produces a "Safety Plan" which sets out clearly how the entity looks and risk and how they respond to these risks. This plan is developed by identifying, assessing, prioritising, mitigating and reviewing risks that present themselves.

The Authority also uses a strategic risk register to monitor both financial and non-financial risk. This risk register is reviewed by the Standard and Governance Committee of the Authority throughout the year.

Quarterly reports are received from the internal auditors highlighting work carried out including a breakdown of fraud investigations with any significant issues detailed in summary format. 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.

The Authority also has an Internal Audit function in place which evaluates the effectiveness of risk management, control and governance processes. The most recent internal audit report was published in July 2023 and found there to be a sound control environment that was working effectively to support the delivery of corporate objectives.

How the body approaches and carries out its annual budget setting process

The Chief Fire Officer and his staff should have as much day to day responsibility for financial management of the Service as is possible within the framework of the agreed budget. The Chief Fire Officer shall control expenditure and income, monitor performance, and take the necessary action to avoid exceeding any financial allocation.

The Chief Financial Officer is responsible for ensuring that a revenue budget and a forward financial forecast for three years is prepared each year for consideration by the members. The members, in consultation with the Chief Financial Officer, are responsible for issuing guidance on the general content of the budget as soon as possible following approval by the Authority. The precept has to be notified to the billing authorities by the end of February in respect of the ensuing financial year. It must be supported by a balanced budget approved by the Authority in consultation with the Chief Fire Officer and Chief Financial Officer.

The Chief Financial Officer is responsible for providing appropriate financial systems to enable budgets to be monitored effectively. The Chief Financial Officer must monitor expenditure against budget allocations and report regularly to the members on the overall position. This is undertaken quarterly.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

### Arrangements in place

How the body approaches and carries out its annual budget setting process (cont.)

The Chief Fire Officer is responsible for controlling income and expenditure on their budgets and for monitoring performance, taking account of financial information provided by the Chief Financial Officer. The Chief Fire Officer should report on variations and take any action necessary to avoid exceeding budgets and should alert the Chief Financial Officer to any problems

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

We note that within the Financial Regulations of the Authority there are procedures in place to ensure the body has effective processes and systems to ensure budgetary control, to communicate relevant, accurate and timely management information; to support its statutory financial reporting requirements and to ensure the body is taking corrective action where needed.

The Chief Financial Officer is responsible for providing appropriate financial systems to enable budgets to be monitored effectively. The Chief Financial Officer must monitor expenditure against budget allocations and report regularly to the members on the overall position.

The Chief Fire Officer is responsible for controlling income and expenditure on their budgets and for monitoring performance, taking account of financial information provided by the Chief Financial Officer. The Chief Fire Officer should report on variations and take any action necessary to avoid exceeding budgets and should alert the Chief Financial Officer to any problems.

Internal Audit form part of this process through their audit plan, and raising recommendations for corrective action where needed.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

### Arrangements in place

The entity has a number of arrangements in place to ensure that appropriate decisions are made.

Throughout 2021/22 the Authority met 6 times in the year with the role to be to take decision on strategic and policy matters and establish the framework within which Hampshire and Isle of Wight Fire and Rescue Service operated. The Authority is made up of elected members from its constituent authorities in proportion to the number of electors in each constituent authority. (Eight from the County Council, and one each from Isle of Wight, Portsmouth and Southampton),

The Authority's Standards and Governance Committee is responsible for audit and scrutiny functions.

The Authority is also able to establish sub-committees of the Authority for a wide range of purposes and can delegate responsibility for taking certain decisions to subcommittees. The Authority is not able to delegate decisions to the Chairman or any other single member of the Authority.

We have inspected the website of the Hampshire and Isle of Wight Fire Authority and identified the various policies in place regarding the integrity, ethical values and behaviour of key executives. A code of corporate governance is in place to ensure that the intended outcomes for stakeholders are defined and achieved – this is included within the Constitution.

To ensure effective leadership throughout the entity, members and officers work together to deliver agreed plans with defined functions and roles. These roles and responsibilities are set out in the Constitution including those for the Standards and Governance Committee and the rules under which they operate. In particular, it looks at how decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community. Many of these processes are required by statute and regulations by Governmental and other bodies (e.g. CIPFA) while the Authority has determined others locally.

The Authority has a sound management philosophy, demonstrates clarity of purpose and focus, with emphasis on performance and risk management. Our experience and knowledge of senior management is that they act with integrity, have good standards of behaviour and performance and lead by example. Both management and those

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests) (cont.)

### Arrangements in place

charged with governance maintain an ethical stance and respond to instances of non-compliance with remedial action. There is an ethos of compliance with laws and regulations.

The Authority has adopted a number of codes and protocols that govern the standards and behaviour expected of members and officers. These include codes of conduct for both officers and members and cover conflicts of interest and gifts and hospitality and appropriate policies for partnership working. These are communicated as part of the induction process (all staff and members are provided with a copy of the respective codes of conduct when joining the entity and are required to read and comply with them), ongoing awareness training is made available via the entity's intranet, Sharepoint.

There are appropriate policies and procedures for ethical and behavioural standards, declaration of and protocol for conflicts of interest, and security practices that are adequately communicated throughout the organisation. We note at the year end, Members and Chief Officers are required to submit declarations of interest. These are then reviewed by the Corporate Finance Team

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	<p>Throughout 2021-22 the Authority operated under the Safety Plan 2020-25. The Safety Plan was launched in April 2020 sets out how the entity looks at risks and how they respond to these risks. It sets out a long term approach to achieving the purpose of "Together We Make Life Safer". The entity has developed 5 priorities that they are committed to for the life of the plan:</p> <ul style="list-style-type: none"><li>• Our Communities – working together to understand different community needs and deliver accessible, local services which build safer places</li><li>• Our People – creating great places to work and promoting the health, wellbeing and safety of the people</li><li>• Public Value – ensuring that decisions and actions deliver efficient and effective public services</li><li>• High Performance – ensuring that diverse teams are trusted, skilled and feel equipped to deliver services</li><li>• Learning &amp; Improvement – ensuring that policies and guidance is used to do the right thing, learning from themselves and others</li></ul>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Authority has a comprehensive set of performance indicators that enable them to monitor performance against the plan. Reviewing the performance ensures that services remain tailored to specific risks and opportunities facing the Authority.</p> <p>Despite the Safety Plan covering five years, management conduct an annual planning process to ensure that the Safety Plan remains current. The output of this process is a list of activities that the Service will complete during that particular year to fulfil the Authority's strategic priorities. The most recent 2023/24 improvements were approved by the Fire Authority on 21 February 2023 which focused on further investing in, and supporting, healthy workplaces and staff wellbeing.</p> <p>We note that in 2023, the Fire Authority agreed a proposal to produce its next Safety Plan covering 2025-2030. This was based around a 2-stage approach: Stage 1 involved assessing all foreseeable fire and rescue related risk with Stage 2 identifying and consulting on possible mitigations. A report was presented to the October 2023 Fire Authority meeting which confirmed that Stage 1 had been completed and that work on stage 2 will begin. The new updated Safety Plan is due to the Fire Authority in Autumn 2024.</p>

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p><u>3SFire Ltd</u></p> <p>The most significant partnership/collaboration arrangement held by Hampshire and Isle of Wight Fire is with 3SFire Ltd. The Fire Authority has sole control over a company. It is a company limited by shares held by the Authority and was formed on 20 February 2013. The company has five directors who are independent of the Fire Authority; this ensures that there is no conflict of interest around payment of any dividend to the Fire Authority. The Authority has delegated all shareholder functions to a committee of the Authority known as the “3SFire CIC Stakeholder Committee”.</p> <p><u>Shared Services Arrangement</u></p> <p>This arrangement is in place for joint working in relation to support services. The Integrated Business Centre (IBC) is hosted by Hampshire County Council and was launched in 2014/15 for the provision of shared financial and HR services across a number of entities including Hampshire and Isle of Wight Fire.</p>
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>The Authority has in place “Contract Standing Order” (see the Constitution, part 4.3) which have been issued in accordance with section 135 of the 1972 Local Government Act. These are intended to promote good purchasing practice and public accountability and deter corruption. The Orders detail the minimum requirements and procedures appropriate for the acquisition and disposal of all goods, services and works undertaken on behalf of the Authority.</p>

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