



ANNUAL GOVERNANCE STATEMENT

2018/2019

FOR

HAMPSHIRE FIRE AND RESCUE AUTHORITY

Annual Governance Statement for Hampshire Fire and Rescue Authority

1. Scope of Responsibility

- 1.1. Hampshire Fire and Rescue Authority (the Authority) is responsible for ensuring that:
- its business is conducted in accordance with the law and to proper standards;
 - public money is safeguarded and properly accounted for, and used economically, efficiently and effectively;
 - pursuant to the Local Government Act 1999 it secures continuous improvements in the way in which its functions are exercised, having regard to a combination of efficiency, effectiveness and economy; and
 - there is a sound system of internal control which facilitates the effective exercise of the Fire Authority's functions and which include arrangements for the management of risk.
- 1.2. This Annual Governance Statement explains how the Authority meets with the requirements of the Accounts and Audit (England) Regulations 2015, and complies with the principles contained in the Delivering Good Governance in Local Government Framework in 2016 edition.

2. The purpose of Corporate Governance

- 2.1. Hampshire Fire and Rescue Service's corporate governance framework comprises the systems and processes, and cultures and values, by which Hampshire Fire and Rescue Service is directed and controlled. It enables the Authority to monitor the achievement of its priorities and to consider whether they have led to the delivery of appropriate, cost effective and efficient services.
- 2.2. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve its aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of the Authority's priorities. It evaluates the likelihood of those risks being realised and the impact should they be realised, to manage them efficiently, effectively and economically.
- 2.3. Hampshire Fire and Rescue Service's corporate governance framework is designed to provide a robust governance process, streamlines decision making and supports efficient and effective operations for the Service. The effectiveness of the framework is evaluated throughout the year.
- 2.4. The Framework demonstrates and enables the ability to deliver HFRS core purpose of making life safer in Hampshire, through cohesive working and clear routes of governance. Hampshire Fire and Rescue Authority set strategic direction and monitor, scrutinise and ensure delivery, whilst accountability for

the achievement of the Authority's priorities sit with the new Executive Group. The Executive Group is chaired by the Chief Fire Officer and makes Officer decisions to ensure the successful delivery of strategic objectives.

- 2.5. This framework has been in place at Hampshire Fire and Rescue Service for the year ending 31 March 2019 and up to the date of approval of the Statement of Accounts.

3. Core Principles of good governance

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

- 3.1.1 The Fire Authority continues to operate with 10 members, since the review of governance arrangements during 2015/2016. The Police and Crime Commissioner (PCC) can attend Authority meetings and has the ability to speak on items on the agenda. The new structure and arrangements have resulted in a strategic and business focus from the Authority with improved Member engagement and scrutiny. The Authority is in the best position to continue to lead Hampshire Fire and Rescue Service in delivering excellent quality services to the residents of Hampshire whilst remaining resilient and responsive to challenges in the future.
- 3.1.2 The key policies that set out the scope of authority for Members and explains the delegation to Officers is detailed in the Scheme of Delegation, Contract Standing Orders and Financial Regulations which are contained within the Authority's Constitution. Both Members and Officers are aware of their responsibilities within these policies. The Authority reviewed and approved minor amendments to The Constitution at their Authority meeting in July 2018.
- 3.1.3 The organisation's values are embedded in our ways of working. These values are underpinned by a range of policies and procedures including Codes of Conduct for Members which is included within The Constitution, and for Officers, the registers of interests, gifts and hospitality and Code of Conduct.
- 3.1.4 The Authority is committed to the highest ethical standards. A Code of Corporate Governance is included within The Constitution. The Code of Corporate Governance demonstrates a comprehensive commitment on the part of the Authority to accountability, integrity, ethical values and the rule of law.
- 3.1.5 Senior Management have the relevant professional external networks and expertise to identify the impacts of new legislation. Legal advice is also provided to ensure the Authority continues to comply with legislation and regulation.
- 3.1.6 The Service has reviewed its internal governance structures and set up several internal boards aligning to the new structure and arrangements to oversee key areas; such as the Risk and Strategy Board, Operations Management Board, Performance and Assurance Board, People and Organisational Development Board, and the Infrastructure and Security Board. These boards provide extra scrutiny on behalf of the Executive Group.

- 3.1.7 A Policy Framework has been developed and approved and is currently being implemented.

3.2 Ensuring openness and comprehensive stakeholder engagement.

- 3.2.1 The Authority's Service Plan 2015-2020 sets out our aims and objectives for the period based on a vision to work smarter, be more efficient, and to make life safer for everyone in Hampshire. It contains clear strategic priorities. The Plan is on the Authority's website and available to stakeholders electronically and in paper format (upon request).
- 3.2.2 Hampshire Fire and Rescue Service are actively consulting with the Authority to ensure comprehensive development of the future Service Plan 2020 – 2025 alongside an updated Integrated Risk Management Plan (IRMP).
- 3.2.3 The Authority operates in an open and transparent way. It complies with the Openness of Local Government Bodies Regulations 2014. The Authority's meetings are open to the public, and its papers and decisions are available through the website (save for individual items of a sensitive nature properly considered in confidential session). In addition, Authority meetings are filmed to enable staff and the public better access to view decision making.
- 3.2.4 Clear guidance and protocols on decision making, effective arrangements for the approval of exempt reports and a revised template for reports and decisions ensures that the Authority takes decisions in public when appropriate and after full consideration of relevant information.
- 3.2.5 The Authority, through the Service, enjoys a constructive relationship with the Trade Unions and Associations representing staff groups within the Service, through which meaningful consultation and negotiation on service issues takes place.
- 3.2.6 Public consultation to listen to stakeholders and inform decision making is undertaken where required and expected. Extensive consultation was undertaken during the Authority's Risk Review which was the most comprehensive integrated risk review the Service has carried out in recent years. The consultation process for the proposals enabled our staff, the public and other stakeholders to have their say on how their fire and rescue service should operate in the future. Extensive consultation was also undertaken for the proposed creation of a Combined Fire Authority with the Isle of Wight Fire and Rescue Service, enabling our staff, the public and other stakeholders to have their say on how their Fire Authority should operate in the future. Both of these processes were quality assessed by the Consultation Institute and found to have conformed to best practice.
- 3.2.7 Hampshire Fire and Rescue Authority has a long history of collaborative working with partner agencies. In particular, Blue Light Collaboration is governed by an Executive Board consisting of the Chief Officers and other senior leaders of Hampshire Constabulary, South Central Ambulance Service and Hampshire Fire and Rescue Service. The Board sets the strategic direction and oversees collaboration projects. The Chief Fire Officer reports progress to the Authority on a periodic basis.

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

- 3.3.1 Delivery of fire and rescue services and the associated community safety activity remains the Authority's core activity.
- 3.3.2 Our aim, vision and priorities are set out in the Hampshire Fire and Rescue Service Plan 2015-2020. The Plan sets out, for the benefit of our stakeholders, how the Authority:
 - Assesses risks;
 - Responds to changes and challenges; and
 - Sets priorities and targets for improvement.
- 3.3.3 Our priorities and aims are clear and arranged under the themes of 'Making life safer' and 'Making our Service stronger'. They are called our 'Safer, Stronger' aims. These focus our resources to the relevant community risks, and our organisational improvements to support our service delivery to ensure that we are efficient and effective. This Plan is underpinned by detailed plans and our corporate portfolio of projects. Progress against these plans is monitored through regular performance updates to the Executive Group and the Authority. A Service Plan mid-term progress evaluation was undertaken during the year. The evaluation, which was approved by the Authority in November 2018, enabled the opportunity to assess the deliverables of the Safer Stronger aims to ensure they reflect the current operating environment.
- 3.3.4 People Impact Assessments (PIAs) are used to identify any significant impact on people, and in particular, those who share a characteristic which is protected under equality law. PIAs are carried out prior to implementing a policy, procedure, change or decision with a view to ascertaining its potential impact.
- 3.3.5 Further impact assessments may be required prior to implementing a policy, procedure, change or decision, these include assessments of health and safety, environmental, data protection and financial impacts.

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

- 3.4.1 There are clear guidance and protocols for decision making. The involvement of legal and finance officers in all significant decisions of the Authority ensures that decisions are only made after relevant options have been weighed and associated risks assessed.
- 3.4.2 The budget setting process is well established and prioritises budgets and spending to achieve intended outcomes. In recent years, the budget setting process has focussed on the achievement of savings to meet reductions in Government grant funding. However, it is clear that financial resources are focussed to deliver the Authority's aims and priorities which underpinned continuous improvement.
- 3.4.3 Risks associated with the delivery of plans are detailed in Risk Registers held at strategic and project level. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation. The Strategic Risk Register was reviewed during the year. The review was

carried out to ensure the risks on the register accurately reflect the current operational and organisation environment. The Authority approve the Strategic Risk Register and monitor it regularly through formal reporting.

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

- 3.5.1 The relationship between Members and Officers is established on a professional culture of mutual respect, trust and co-operation. A Member Officer Protocol has been developed to provide clarification around the two roles. The Member Officer Protocol is included within The Constitution. A Members Champions scheme is operated which is in support of an effective and professional relationship between Members and Officers in which both understand each other's role.
- 3.5.2 Members receive thorough induction training and attend the Authority Policy Advisor Group (APAG) meetings which are delivered during the year. APAG facilitates the two way exchange and update of information between Members and Officers. It also provides a forum for Officers to update Members on matters of interest and to provide awareness on specific topics. Members receive copies of key internal staff communications. The Authority has a Member Development champion who supports and oversees the development of Members in a number of ways, such as internal and external briefings and courses.
- 3.5.3 To ensure capability of leadership, the Executive Group have been enrolled onto the Institute of Directors (IOD) Certificate in Company Direction, with professional membership to the IOD included. The leadership training will ensure professionalism of the Executive Group, governance and leadership, imparting wider benefits of resilience and skills to the Service.
- 3.5.4 The Authority, its committees and the Chief Fire Officer have access to a full range of professional advisers to enable them to carry out their functions effectively and in compliance with statutory requirements. Some legal and democratic services are provided through service level agreements with Hampshire County Council. The Shared Service partnership with Hampshire County Council and Hampshire Constabulary provides a wide pool of professional advice for areas such as HR, finance and procurement.
- 3.5.5 The Service has a People Strategy which describes what is required of our people. It provides clarity about what we will achieve to meet the changing needs and expectations of society and future opportunities for the delivery of services to our communities.
- 3.5.6 The Service has conducted numerous promotion boards at all levels across the 'Grey Book' organisation in order to deliver against the approved Appointments and Promotions Policy. Staff have been made aware of the process with suitably talented individuals identified development opportunities.
- 3.5.7 Hampshire Fire and Rescue Service regularly reviews the shape of its workforce against the context of its capacity and capability requirements to meet the needs of communities. This then informs a range of strategies such as recruitment, retention and people development in order to provide effective leadership and deploy appropriate resources to meet the needs of the Service.

- 3.5.8 Hampshire Fire and Rescue Service is developing a culture of on-going coaching style conversations which focus' upon high performance in all aspects of our work. Staff take personal responsibility for their own performance and how this contributes to the overall performance of their team. They are encouraged to use the range of learning opportunities that are available across the Service.
- 3.5.9 A Corporate Shared Services Workforce Development Learning Brochure has been created to deliver a variety of development programmes to support and develop staff at all levels across the organisation. There has been an increase in attendance at managerial leadership training courses, aimed at line managers to enable them to be suitably equipped to deliver effectively in their roles.

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

- 3.6.1 The Authority operates a Risk Management methodology, with oversight of the arrangements provided by the Risk and Strategy Board, which reports to the Executive Group.
- 3.6.2 Performance management is in place to measure progress against aims and priorities to prompt remedial action where appropriate. The Performance and Assurance Board adds improved scrutiny of the performance management process. The Authority has a framework for regularly monitoring its performance with timely and relevant information. The Executive Group review key performance indicators on a regular basis and the Chief Fire Officer holds Directors to account for performance of their areas of the Service. The Authority holds the Chief Fire Officer to account and receives regular performance reports at its public meetings. The internal management structure for the Service has been reviewed and has been operating under a new structure and arrangements for improved efficiency, effectiveness and improvement of its ability to make communities safer.
- 3.6.3 We compare our performance to that of other fire and rescue services; for example, we make use of national benchmark information. This continues to show that we are performing well when compared with other similar fire and rescue services.
- 3.6.4 The Internal Audit Plan was developed to operate at a strategic level providing a value-adding, and proportionate level of assurance aligned to the Authority's key risks and objectives. This includes a regular review of the Service's risk management processes.
- 3.6.5 The internal audit plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an Anti-Fraud and Corruption Strategy and Policy. The Service's approach is to identify areas that could present greatest risk or where managers have identified indicators that improvement is needed.
- 3.6.6 The delivery of the resulting internal audit plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Executive Group.

- 3.6.7 The Standards and Governance Committee has a clear 'Terms of Reference' providing an effective source of scrutiny, challenge and assurance regarding the arrangements for managing risk and maintaining an effective control environment. This Committee consider the delivery and outcomes of the internal audit plan, along with scrutinising the Services performance in delivering against agreed actions.
- 3.6.8 The Authority has strong financial management arrangements at both the strategic and operational level and consistently obtains unqualified opinions for its annual accounts and value for money assessments. The Section 151 Officer is the Chief Finance Officer and all formal significant financial decision making has the benefit of advice and review from this officer or the wider finance team.
- 3.6.9 Financial management in key risk areas across the Service focusses on activity and performance management alongside the budget management processes and the financial management framework throughout the Service is appropriately advised and supported by the finance team.
- 3.6.10 The Authority has a medium term financial plan to inform its corporate planning. This identifies the likely levels of funding available to the Authority, the cost of its current spending plans and the shortfall we are anticipating in future years resulting from reducing funding received as part of the Fire Funding Formula. It also provides information on the level and use of reserves in transforming and improving the Service. The Authority has established a clear Financial Plan up to 2021 with the specific purpose of closing our predicted funding gap of circa. £4m by 2021/22, based on the best information available to it. The medium term financial plan is overseen and monitored by our Executive Group and is regularly formally reported to the Authority at its public meetings.
- 3.6.11 Financial planning and management is fully integrated with, and driven by, the corporate planning and monitoring processes set out above. This includes processes for the forward planning of expenditure, consultation on budget proposals, setting and monitoring income and budgets, and the completion of final accounts.
- 3.6.12 The Treasury Management Strategy is reviewed regularly and approved by the Authority annually with the budget.

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

- 3.7.1 The 'Internal Audit Charter' is presented annually for approval by the Standards and Governance Committee. The purpose of the Internal Audit Charter is to formally define its purpose, authority, and responsibility. The Chief Internal Auditor has direct access to elected Members of the Authority and those who serve on the Standards and Governance Committee.
- 3.7.2 The on-going work of internal audit is presented through twice yearly progress reports to the Standards and Governance Committee providing an overview of Service performance. It considers delivery against the plan and the progress made by the Service in the implementation of management actions that have been agreed to mitigate risks identified through internal audit work.

- 3.7.3 Where appropriate, internal audit will gain assurances from third parties to contribute to their overall assurance opinion.
- 3.7.4 Representatives of External Audit routinely attend Standards and Governance Committee meetings and present External Audit reports. Any recommendations for corrective action detailed within Internal or External Audit reports are highlighted to Members.
- 3.7.5 Financial reporting complies with relevant statute, codes and good practice guidance. Financial and performance information are reported consistently throughout the year. Where relevant and appropriate, performance comparisons are made to other organisations.

4 Obtain assurances on the effectiveness of key controls.

- 4.1 Key controls relating to risks, internal control (including financial management) and governance processes are identified by senior managers as part of the governance framework and recorded on an annual return (assurance statement). Risks are included in strategic and project risk registers. Internal Audit, as part of its planned review of internal controls, regularly evaluates the key controls to determine their adequacy and carries out tests to confirm the level of compliance. An audit opinion on effectiveness is provided to management and any actions for improvement to be agreed.
- 4.2 The Service in compliance with the General Data Protection Regulations (GDPR) which came into effect in May 2018 has developed and continues to deliver training to staff and raise awareness to Authority Members.
- 4.3 Hampshire Fire and Rescue Authority prides itself on being a professional learning organisation that actively seeks challenge and review.
- 4.4 Her Majesty's Inspectorate of Constabulary's and Fire and Rescue Services (HMICFRS) concluded HFRS are 'Good' at effectively understanding risks within its community and 'Good' at efficiently managing its resources. HFRS was graded as 'Requires Improvement' at looking after its people. The Standards and Governance Committee approved the Action Plan for HFRS, which ensures measurable actions are identified to deliver improvement.
- 4.5 Other external reviews include the following:
 - ISO27001 Information Security Audit accreditation meaning that HFRS are compliant to the internationally recognised information security standard;
 - A Home Office review of arrangements for our Public Sector Network.
 - Hampshire Safeguarding Board's review of our safeguarding arrangements;
 - An external independent review, facilitated through the NFCC, was conducted for its ICT Transformation Project; and
 - Annual penetration tests by authorised third-party companies to conform to ISO27001, Public Sector Network and Emergency Services Network accreditation requirements.

5 Evaluate assurances and identify gaps in control/assurance.

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

- a self-assessment assurance statement being sent every year to members of Senior Management;
- consultation with other relevant Officers throughout the Service.

5.2 The assurance statements cover a range of corporate governance and performance issues and they refer to the existence, knowledge and application within departments of governance policies generally.

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

6.1 There is a requirement for the Annual Governance Statement to include an agreed action plan showing actions taken or proposed to deal with significant governance issues. The annual statement should include reference to how issues raised in the previous year's Annual Governance Statement have been resolved.

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

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

6.3.1 The Service will implement a new, approved Service Plan for the period 2020-2025 along with an updated Integrated Risk Management Plan as a mechanism to deliver the Authority's aims and objectives in a manner supportive of the communities in which we serve.

6.3.2 The Service will continue to implement the approved Service Policy Framework, ensuring that all policies are up to date, published on an appropriate platform and the process is embedded throughout the organisation.

6.3.3 We will review the framework and arrangements that govern our Impact Assessments.

6.3.4 Delivering on the areas of improvement outlined within the HMICFRS Inspection Action Plan.

7 In response to the Action Plan outlined in the 2017/18 Annual Governance Statement:

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

7.2 The following identifies the actions resolved in 2017/2018:

7.2.1 We carried out a new Strategic Assessment to inform a new Service Plan.

7.2.2 The Performance and Assurance Board has reviewed the Service's consultation strategy as part of the planning stage of any new or existing piece of work and created processes that ensure responsible individuals undertake consultation actions alongside our impact assessment requirements. This has been further enhanced by concurrent and post project evaluation reporting requirements.

7.2.3 Following the Authority Governance Review, the Authority have approved a new constitution and continue to review this to ensure effectiveness and efficiency. The associated Governance Improvement Plan has been completed.

7.2.4 The Service has implemented enhanced controls around budget management and reporting processes. The Executive Group produce regular dashboards and reports relating to financial expenditure, including reporting on forecast positions and risk. Directors are held accountable for budget monitoring within individual functions; and are supported by the Finance Team.

7.2.5 The Service has been inspected by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and implemented an HMICFRS Inspection Action Plan to deliver on outcomes of the inspectorate report. The Performance and Assurance Board will monitor action plan progress and report into the Executive Group.

Declaration

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

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

Signed:

Chief Fire Officer

Date:

Signed:

Chairman

Date: