

NOTICE OF MEETING

<i>Meeting</i>	Hampshire Fire and Rescue Authority	<i>Clerk to the Hampshire Fire and Rescue Authority</i> John Coughlan CBE
<i>Date and Time</i>	Wednesday 13th June, 2018 2.30 pm	<i>The Castle, Winchester Hampshire SO23 8UJ</i>
<i>Place</i>	Wellington Room - HCC	
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

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

Agenda

1 ELECTION OF CHAIRMAN

To appoint a Chairman until the Annual Meeting of the Authority in 2019

2 ELECTION OF VICE CHAIRMAN

To appoint a Vice Chairman until the Annual Meeting of the Authority in 2019

3 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

4 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.

5 MINUTES OF PREVIOUS MEETING (Pages 5 - 10)

To confirm the minutes of the previous meeting

6 DEPUTATIONS

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

7 CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

8 MEMBER DEVELOPMENTS AND COMMENTS

To receive any updates from Members of the Authority

9 APPOINTMENTS OF STANDARDS AND GOVERNANCE COMMITTEE AND OTHER APPOINTMENTS (Pages 11 - 18)

To appoint Members to the Standard's and Governance Committee and other appointments within the Fire Authority.

10 CONSULTATION ON THE PROPOSED CREATION OF A NEW COMBINED FIRE AUTHORITY TO INCLUDE HAMPSHIRE, SOUTHAMPTON, PORTSMOUTH AND THE ISLE OF WIGHT AUTHORITIES (Pages 19 - 50)

To consider a report from the Chief Officer regarding the proposed creation of a new Combined Fire Authority.

11 ANNUAL GOVERNANCE STATEMENT (Pages 51 - 66)

To consider a report from the Chief Officer regarding the Annual Governance Statement, presented to Members of the Fire Authority for approval.

12 MINUTES OF THE STANDARDS AND GOVERNANCE COMMITTEE (Pages 67 - 70)

To receive the minutes of the Standards and Governance meeting, which took place on the 8 March 2018.

13 EXCLUSION OF PRESS AND PUBLIC

To resolve that the public be excluded from the meeting during the following items of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

14 SPECIALIST RESPONSE TEAM (Pages 71 - 76)

To consider an exempt report from the Chief Officer regarding a Specialist Response Team.

ABOUT THIS AGENDA:

This agenda is available on the Hampshire 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.

ABOUT THIS MEETING

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

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Agenda Item 5

AT A MEETING of the Hampshire Fire and Rescue Authority of HAMPSHIRE
COUNTY COUNCIL held at the castle, Winchester on Thursday, 22nd March,
2018

Chairman:

* Councillor Christopher Carter

* Councillor Liz Fairhurst
* Councillor Roz Chadd
* Councillor Jonathan Glen
* Councillor Geoffrey Hockley

* Councillor Sharon Mintoff
* Councillor Roger Price
* Councillor David Simpson
* Councillor Luke Stubbs
* Councillor Rhydian Vaughan

*Present

Also present with the agreement of the Chairman:

Gavin Watts - Chief Fire Officer of West Sussex FRS

Councillor Debbie Kennard - Cabinet Member at West Sussex

Councillor Dave Stewart - Leader of the Isle of Wight Council

John Metcalfe - Chief Executive of Isle of Wight Council

76. APOLOGIES FOR ABSENCE

Apologies had been received from Michael Lane, the Police and Crime Commissioner.

77. 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 entered 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.

78. MINUTES OF PREVIOUS MEETING

It was noted under matters arising that the marketing campaign mentioned in paragraph 66 was continuing to be developed and there was a future piece of work planned that involved writing to the employers of On Call staff to thank them for their support.

The minutes of the last meeting were reviewed and agreed.

79. DEPUTATIONS

There were no deputations for this meeting.

80. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Chief Fire Officer Gavin Watts of West Sussex FRS and their Cabinet Member, Councillor Debbie Kennard. He also welcomed Councillor Dave Stewart, Leader and John Metcalfe, the Chief Executive of Isle of Wight Council.

Some Members attended the Basingstoke Fire Station opening ceremony on 15 February and the Chairman thanked those who organised it, along with Lord Lieutenant Nigel Atkinson Esq. for opening the new station. The Chairman also thanked Officer's for all their hard work to keep the County safe during the adverse weather conditions.

81. MEMBER DEVELOPMENTS AND COMMENTS

Councillor Carter confirmed that there was a 'Have A Go' Day at Eastleigh College for International Women's Day, which was a big success and was part of a commitment to increasing the diversity of staff in the Service. Some Members also attended the Fire LGA conference in Gateshead where there were various speakers, including Dani Cotton, who read a poem about the tragedy at Grenfell Tower. There was also information regarding future Fire Service fleets and them having zero emissions by 2030.

Councillor's Glen and Mintoft thanked staff for hosting their visits to Prince Philip Barracks and Redbridge Fire Station respectively.

82. INITIAL BUSINESS CASE INTO THE PROPOSED CREATION OF A NEW COMBINED FIRE AUTHORITY TO INCLUDE HAMPSHIRE, SOUTHAMPTON, PORTSMOUTH AND THE ISLE OF WIGHT AUTHORITIES

The Full Authority considered a report from the Chief Fire Officer regarding the proposed creation of a new combined Fire and Rescue Authority to include Hampshire, Southampton, Portsmouth and the Isle of Wight.

The Chief Fire Officer introduced the item and gave an outline as to the history of Hampshire Fire and Rescue Service and the Isle of Wight Fire and Rescue Service working alongside each other with the Delivering Differently in Partnership (DDiP) project.

Work on the proposed Combined Fire Authority (CFA) had been complex but all the necessary facts and figures had been completed within the report. Further work would be done on the risks and benefits. All parties had sought to keep the details regarding the finances simple, transparent and understandable, the main financial impacts were the movement of vehicle and property liabilities from the IWCFRS to a new combined authority and the impact of council tax harmonisation on the IWC. The legal process was summarised and it was confirmed that both Authorities would be required to undertake their own consultation process. It was emphasised that it would be very much a partnership which would create a new Fire and Rescue Authority and could not

manifest as a take-over by one party over the other.

Following a meeting of the Isle of Wight Council on the Isle of Wight the day before, updated recommendations were circulated and agreed by the Authority. These established that the proposals for public consultation and a detailed risk and benefit analysis of the proposed CFA would return to the Fire Authority meeting in June. This was in line with what had been agreed by the Isle of Wight Council. It was agreed that the June HFRA meeting would be put back slightly to align it with the IWC Cabinet meeting scheduled for the 14 June.

The Chairman invited Councillor Dave Stewart, Leader from the IWC, to speak. Cllr Stewart emphasised the importance of being able to scrutinise a detailed business case before going out to consultation so that the public were fully involved and kept up to date of the proposals and reasons behind them. Councillor Roger Price agreed that a business case was important and it was crucial that the public knew what to expect with a new and expanded CFA.

The amended recommendations were proposed by the Chairman and seconded by Cllr Price. They were endorsed unanimously by the Authority.

RESOLVED:

A) The HFRA accepted the outline business case contained in the report and tasks the Chief Fire Officer to prepare a more detailed business case which includes a consultation strategy and associated documents on the proposed creation of a new CFA consisting of the Authorities of Hampshire, Portsmouth, Southampton and the Isle of Wight. The more detailed case and consultation documents shall reflect as appropriate, any further information to be considered by the IWC and will be brought to HFRA for approval at its June 2018 meeting, prior to consultation commencing.

B) The HFRA noted that subject to approval and conduct of the consultation exercise referred to above final business case, outcomes of consultation will be brought back to the Authorities at a later date for decisions about whether to proceed with the proposal to create a new CFA.

83. APPOINTMENT OF DIRECTOR OF 3SFIRE

The Full Authority considered a report from the Clerk regarding the appointment of a new Executive Director of 3SFire Ltd.

It was confirmed that following Neil Odin's appointment as Chief Fire Officer of Hampshire Fire and Rescue Service, he had formally resigned as an Executive Director of 3SFire with effect from 22 March 2018. In accordance with the Company's Articles of Association the Authority proposes Andy Bowers, Deputy Chief Fire Officer of Hampshire Fire and Rescue Service, be appointed as an Executive Director of 3SFire Ltd from 22 March 2018 until 6 June 2018 by way of Ordinary Resolution as set out in the recommendation at paragraph 11.

The Authority were content with the proposals and there were no questions.

RESOLVED:

A) That Neil Odin's resignation as an Executive Director of the Company from 22 March 2018 is noted; and

B) That ANDREW SHAUN BOWERS, having consented to act, be appointed as an Executive Director of 3SFire Ltd with effect from 22 March 2018, to hold office until the next annual general meeting in place of NEIL IAN ODIN, who has been appointed as Chief Fire Officer of Hampshire Fire and Rescue Service.

84. SERVICE PLAN

The Authority considered a report from the Chief Fire Officer regarding the Service Plan. The approach to the plan was explained with new entries anticipated in 2020 for it to continue as a working document.

On Page 50 of the pack in the appendix, it was confirmed that there are particular requirements for fire engineers to qualify and therefore this does take some time. There was always a flow of those in the process of qualifying. It was agreed that the Key Deliverables detail would be amended to read "To continue to train and qualify..." so it was clear that this was not a one-off deadline.

On Page 52 of the pack, it was confirmed that a training programme had been in place since January with regards to training relevant staff about effective financial management and that this would be met by the end of March as anticipated in the Plan.

On Page 55 of the pack, Members were assured that pay and review schemes had been consulted upon with the relevant Trades Unions. Associated guidance was in development and it was anticipated that the June 2018 deadline would be met.

Members requested that they be kept up to date of any slippage in timescales and it was agreed that this would always be highlighted in future performance reports to the Authority as appropriate.

RESOLVED:

The Authority approved the refreshed aims.

85. POSITION STATEMENT FOR BUILDING REGULATIONS, PLANNING AND LEGISLATION

The Full Authority considered a report by the Chief Fire Officer (Item 10 in the Minute Book) regarding the Position Statement for Building Regulations, Planning and Legislation.

The benefits of the legislation were highlighted, along with Page 61 of the pack, which included examples of the importance of early consultation and

involvement.

Members agreed that the Statement should be circulated for awareness.

RESOLVED:

- A) The Position Statement in Appendix A was accepted as the Hampshire Fire and Rescue Authority's position on the FRS being statutory consultees at the planning stage in respect to Fire safety.
- B) Fire Authority Members agreed to promote the new Position Statement.
- C) The Position Statement would be sent to Dame Judith Hackitt, local MP's and Parish Councils for information.

86. HFRS PAY POLICY STATEMENT

The Full Authority received a report from the Chief Fire Officer (Item 11 in the Minute Book) regarding the HFRS Pay Policy Statement.

It was confirmed that this was an annual report produced for the Fire Authority and required by section 31(1) of the Localism Act 2011 (openness and accountability in local pay).

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

RESOLVED:

The Pay Policy Statement at Appendix A was approved by Hampshire Fire and Rescue Authority.

87. ANNUAL WORKFORCE REPORT

The Authority considered a report from the Chief Fire Officer (item 12 in the Minute Book) regarding the Annual Workforce report.

This was a new report for the Full Authority as it had previously been presented to the Human Resources Committee. It considered the staff establishment and absence data.

It was highlighted that the service was currently 13.5FTE over establishment, which was due to last until March 2019 and based upon turn-over predictions was appropriate for achieving the predicted savings within the medium term financial plan. Overall absence levels had reduced by 20% but it was still something that was being worked on, in particular issues relating to mental health.

It was suggested by Members that a statistical breakdown come to a future meeting identifying short, medium and long-term sickness within the Service, along with further investigation into the "reasons unknown" category of the sickness data and how this could be better managed.

RESOLVED:

The contents of the report were noted by Hampshire Fire and Rescue Authority.

Chairman,

Purpose: Decision

Date **13 June 2018**

Title **Appointment of Standards and Governance Committee and Other Appointments**



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Report of the Clerk

EXECUTIVE SUMMARY

1. This report seeks approval to the proportional allocation of members to the Authority's Standards and Governance Committee; to the appointment of members and the respective Chairman and Vice-Chairman to serve on that Committee. It furthermore seeks appointments to the Hampshire Firefighters' Pension Board; and to various other appointments.

BACKGROUND

2. Size and Political Composition of Committees

- 2.1 At its meeting of 7 September 2016, the Hampshire Fire and Rescue Authority agreed a new composition for the Authority of 10 Councillor Members, comprising 8 from Hampshire County Council and one from each of Portsmouth and Southampton City Councils, with effect from the annual meeting of the Authority in June 2017.
- 2.2 Following local elections and subsequent Hampshire, Portsmouth and Southampton annual Council meetings in May 2018 and with regard to paragraph 2.1, the membership and political composition of the Hampshire Fire and Rescue Authority (HFRA) may be found at appendix 1.
- 2.3 The political proportionality provisions of the Local Government and Housing Act 1989 apply to the Authority. These require, inter alia, that where one political group has an overall majority, that group must have a majority on any Committee. The proposed proportionality table for 2018/19 appears as appendix 2. The Authority is asked to review and confirm the appointment of Members to the Standards and Governance Committee.

3. Pension Board Members

- 3.1 At its meeting of 20 February 2015, the Authority agreed the formation of a Pension Board, to meet the requirements of the Public Service Pension Scheme Act 2013, consisting of three employer representatives and three scheme members to be appointed by the Fire Authority for a four year term. The Terms of Reference for the Pension Board make provision for the Board to elect its own Chairman and Vice-Chairman and therefore this responsibility does not fall to the Fire Authority.

Current appointments to the Pension Board are as follows:

Employer Representatives:		Scheme Members:	
	Date appointed		Date appointed
Stew Adamson	9 June 2016	Richard North	7 Sept 2016

Cllr Price	9 June 2016	Alex Rhodes	11 June 2015
Tom Simms	13 June 2017	Malcolm Eastwood	11 June 2015

3.2 The Authority continues to delegate scheme management of the Fire Fighters Pension Scheme to the Standards and Governance (S&G) Committee. It would amount to a conflict of interest for a Member of the S&G Committee to also be appointed to the Pension Board and the Authority is advised to take this into account and consider whether any changes of representation may be required.

4. **Other Authority Appointments**

- (a) Corporate Management Team – The Group meets as a preliminary sounding board with senior officers to develop policies, plans and recommendations for subsequent presentation to the Authority. It is informal and was originally established to make progress with the Authority's Integrated Risk Management Plan. It has also been used as a useful cross-party group to discuss and deal with matters of urgency. At its meeting in June 2017, the Authority agreed to appoint all Members to the CMT and it is proposed that all Members are re-appointed for 2018/19.
- (b) Principal Officer Pay Review Group – The Authority is asked to appoint three Members, and identify one of these as Chairman, to an informal working group which may be called upon when required (normally on an annual basis) to conduct a review of any proposed changes to principal officer pay and to make recommendations accordingly to the Authority. Councillors Fairhurst (Chairman), Price and Stubbs were appointed to this Group for one year in June 2017/18.
- (c) Crime and Disorder Reduction/Community Safety Partnerships (CSPs) – At the last AGM, it was agreed that appointment of representatives to Crime and Disorder Partnerships be deferred to allow for a review of requirements to be carried out. It was agreed at the July 2017 HFRA meeting that formal involvement and representation of the HFRA at the Hampshire and Isle of Wight Police and Crime Reduction Alliance will enable strategic input from HFRA with local involvement delegated fully to the local Group Managers. Delegation of local delivery within CSPs to HFRS officers has ensured maximum efficiency and effectiveness of the HFRA, and therefore no formal Member appointments are required.
- (d) Member Development Liaison Champion – The Authority is asked to consider the appointment of a Member to the role of Member Development Liaison Champion. Cllr Roz Chadd was appointed to the role for one year in June 2017.
- (e) Minority Group Spokespersons – A Minority Group Spokesperson's position is set out in the Members' Allowances Scheme. The Liberal Democrat Group is asked to confirm their appointment to this position and to inform the Clerk accordingly.

- (f) 3SFire Ltd. Shareholder Representative – The trading company 3SFire was established in 2013 by the Authority. Pursuant to Article 39 of the Articles of Association of 3SFire Ltd, the Authority is asked to appoint a Shareholder Representative.
- (g) Articles 18 and 19 of the Articles of Association require that the company shall have between three and seven directors and that all Executive Directors be appointed by a resolution of the HFRA until the subsequent Annual meeting of the Authority. For reference, the current Executive Directors are: Councillors C. Carter and R. Price, and Andy Bowers. Pursuant to these Articles, the Authority is asked to appoint Executive Directors of 3SFire.

PEOPLE IMPACT ASSESSMENT

- 5. The proposals in this report are considered compatible with the provisions of equality and human rights legislation.

6. OPTIONS

The Authority is asked to make the appointments for the reasons outlined in the report above.

RECOMMENDATIONS

7. That, for the purposes of Part 1 of the Local Government and Housing Act 1989, the allocation of seats on the Standards and Governance Committee of the Authority be as set out in Appendix 2 of the report.
8. That the Authority appoint members of the Standards and Governance Committee and its Chairmen and Vice-Chairmen following the agreed allocation of seats at paragraph 7 (above), until the Annual meeting of the Authority in 2019.
9. That, with regards to the Pension Board, the Authority consider the position as set out in paragraph 3 of the report and make appointments in accordance with the Board's Terms of Reference:
10. That the Corporate Management Team (CMT) include all Members as set out in paragraph 4a of the report.
11. That the Authority appoint three Members, and identify one of these as Chairman, to an informal working group for the review of principal officer pay, as detailed in paragraph 4b of the report.
12. That a Member Development Liaison Champion be appointed as set out in paragraph 4d of the report, until the Annual meeting of the Authority in 2019.
13. That the Minority Group Spokespersons for the Liberal Democrat Party Group until the Annual meeting of the Authority in 2017 is confirmed, as set out in paragraph 4e of the report.
14. That a Shareholder Representative be appointed by the Authority pursuant to Article 39 of the Articles of Association of 3SFire Ltd as set out in paragraph 4f of the report, until the Annual meeting of the Authority in 2019.
15. That the Executive Directors of 3SFire be appointed by the Authority pursuant to Articles 18 and 19 of the Articles of Association of 3SFire Ltd as set out in paragraph 4g of the report, until the Annual meeting of the Authority in 2019.

APPENDICES ATTACHED

Appendix 1: Membership and political composition of Hampshire Fire and Rescue Authority, following local elections and subsequent Hampshire, Portsmouth and Southampton annual Council meetings in May 2018

Appendix 2: Proposed HFRA Proportionality from June 2018

Contact:

Katy Sherwood, on behalf of the Clerk to the Authority,
katy.sherwood@hants.gov.uk

Appendix 1:

Membership and political composition of Hampshire Fire and Rescue Authority, following local elections and subsequent Hampshire, Portsmouth and Southampton annual Council meetings in May 2018:

Councillor:	Political Party/Group	Appointing Authority
Chris Carter	Conservative	Hampshire County Council
Roz Chadd	Conservative	Hampshire County Council
Liz Fairhurst	Conservative	Hampshire County Council
Jason Fazackarley	Liberal Democrat	Portsmouth City Council
Jonathan Glen	Conservative	Hampshire County Council
Geoff Hockley	Conservative	Hampshire County Council
Sharon Minto	Labour	Southampton City Council
Roger Price	Liberal Democrat	Hampshire County Council
David Simpson	Liberal Democrat	Hampshire County Council
Rhydian Vaughan	Conservative	Hampshire County Council

Appendix 2

Proposed HFRA Proportionality from June 2018:

	Conservatives	Lib dem	Labour	Seats
Members:	6	3	1	
Standards & Governance	3	1	1	5
Total	3	1	1	5
Entitlement	3.6	1.8	0.6	
Rounded	4	1	1	
Balance	-1	0	0	

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Purpose: Approval

Date: 13 June 2018

Title: CONSULTATION ON THE PROPOSED CREATION OF A NEW
COMBINED FIRE AUTHORITY TO INCLUDE HAMPSHIRE,
SOUTHAMPTON, PORTSMOUTH AND THE ISLE OF WIGHT
AUTHORITIES

Report of Chief Fire Officer

SUMMARY

1. At the 21 March 2018 Hampshire Fire and Rescue Authority (HFRA) meeting, Members received a report seeking approval to carry out a public consultation exercise on proposals to create a new Combined Fire Authority (CFA) consisting of the Authorities of Hampshire County Council, Southampton City Council, Portsmouth City Council and the Isle of Wight Council. Members approved the initial business case and requested further information, including details of the consultation, to be brought back to an HFRA meeting for decision.
2. The consultation information and the full business case is included at appendix A. This report seeks approval to consult on the document at appendix A.

BACKGROUND

3. On 21 February 2017, both the Isle of Wight Council (IWC) and the Hampshire Fire and Rescue Authority (HFRA) agreed to an investigation into the extension of the current CFA to include the Isle of Wight Fire and Rescue Service (IWFRS.) Members of the HFRA and IWC asked the Chief Fire Officer to investigate a business case for both HFRA and IWC for further consideration and decision.
4. The report presented to the HFRA on 21 February 2017 is provided as background papers and provides details of the current Strategic Partnership, Delivering Differently in Partnership (DDiP), between the IWC and the HFRA and explains the rationale for investigating options for future governance.
5. On 21 and 22 March 2018, both the Isle of Wight Council (IWC) and the Hampshire Fire and Rescue Authority (HFRA) received an initial business case. Officers sought approval to proceed with consultation and to construct a full business case. Councillors from the IWC and Members from the HFRA

requested further information relating to the consultation and business case. It was agreed that the Chief Fire Officer would bring back a full business case, if there was a case to create a new CFA, which would provide overarching public benefit and present a report to both Authorities in June 2018 for further decision about whether to proceed with consultation about the proposal.

BUSINESS CASE AND CONSULTATION

6. The creation of a new CFA is approved by the Secretary of State under the powers granted in Section 2 of the Fire and Rescue Service's Act 2004. The Secretary of State approves the creation of a new CFA if it is in the interests of Efficiency, Effectiveness, Economy or Public Safety. For the purpose of assessing the risks and benefits of creating a new CFA, Officers have carried out an operational and financial analysis. Efficiency, Effectiveness and Public Safety are explored in the operational analysis. Economy is explored in the financial analysis. The business case can be found at appendix A.
7. Hampshire Fire and Rescue Authority is a Best Value Authority, under section 3 of the Local Government Act 1999, and is committed to securing continuous improvement in the way its functions are exercised, having due regard to economy, effectiveness and efficiency. HFRA is consulting with key stakeholders regarding the proposed creation of a new CFA to ensure it continues to meet the requirements of a Best Value Authority.
8. Key stakeholders have been identified. They will be asked their views on whether the creation of a new CFA is in the interests of Efficiency, Effectiveness, Economy or Public Safety.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

9. Hampshire Fire and Rescue Service's (HFRS) aim is to be the best fire and rescue service in the Country. We are focused on ensuring we deliver the best possible services to our communities and make life safer for everyone. We are committed to developing our Service placing efficiency, effectiveness and public safety at the heart of all our decisions.
10. Seeking the views of key stakeholders regarding the creation of a new CFA supports our Safer and Stronger priorities and our vision to create a safer Hampshire.

CONSULTATION

11. If Members approve proceeding with a consultation exercise, the process will be run over 12 weeks. Consultation will be aimed at the public and key stakeholders including the current Constituent Authorities and the Police and Crime Commissioner. Consultation responses would then be analysed and considered by the HFRA together with any other relevant information, in November 2018 and a decision on whether to proceed with a proposal to the

Secretary of State will be made by the HFRA. There would be two separate consultation exercises carried out, one by HFRA in Hampshire, Portsmouth and Southampton and one by the IWC on the Isle of Wight.

12. Consultation assurance – The Consultation Institute have been commissioned to carry out a retrospective review of the business case and have provided advice and guidance around best practice for consultation.
13. Dorset and Wiltshire Fire and Rescue Service (DWFRS) merged together in 2016. HFRS Officers have contacted DWFRS Officers to get an understanding of how they approached the combining of the two Services.

COLLABORATION

14. Hampshire Fire and Rescue Authority and the Isle of Wight Council have already established a successful strategic partnership through the Delivering Differently in Partnership (DDiP) which was created in April 2015. The partnership has been operating for nearly three years and has seen benefits to both Authorities and the communities we serve. The investigation of creating a new CFA demonstrates that both HFRA and IWC are committed to ensuring the most efficient and effective governance models are in place that will benefit the residents of both the Isle of Wight and Hampshire.

RESOURCE IMPLICATIONS

15. The team carrying out the investigations, which consists of officers from both Hampshire and the Isle of Wight, has been funded from existing budgets. Should there be agreement to proceed to public consultation a joint team would continue this work and be resourced from existing budgets.
16. Should there be a decision by both Authorities to create a new CFA, an implementation team will be required to deliver the project. Discussions with the Home Office will continue to determine whether any financial support for implementation is available.

LEGAL IMPLICATIONS

17. Legal advice has been sought throughout the process of forming the business case and the consultation documents. Both the Authorities legal advisors have been fully engaged through this process, both providing advice to the authorities and seeking advice where required.

EQUALITY IMPACT ASSESSMENT

18. A stage one equality impact assessment has been carried out which assesses the impact of the eight protected characteristics as outlined in the Equality Act 2010. The assessment has identified a potential impact on any employees and

Fire Authority Members with a disability, should there be a need to travel to the Isle of Wight for any reason.

19. If Members approve to proceed with carrying out a consultation exercise, a stage two equality impact assessment would be carried out to identify if any employees and Authority Members are affected and if so, consult with them and provide a plan for support.

OPTIONS

20. Option 1: Delegate authority to the Chief Fire Officer to run a consultation exercise on behalf of the Hampshire Fire and Rescue Authority with relevant stakeholders (including the public), in Hampshire, Portsmouth and Southampton about the proposal to create a new CFA consisting of the Authorities of Hampshire County Council, Portsmouth City Council, Southampton City Council and the Isle of Wight Council.

If this option is chosen, a decision paper including the outcomes of the two public consultation exercises would be brought back to the IWC and the HFRA in November 2018 for decisions about whether to proceed with the proposal to create a new CFA.

21. Option 2: Maintain existing strategic partnership arrangements and do not explore further the proposal to create a new CFA.

If this option is chosen, it would indicate that a creation of a new CFA is not the preferred option. The two services would continue to operate under the existing DDiP arrangements and a review of the partnership would be carried out.

RISK ANALYSIS

22. Risk management practices have been applied throughout the investigation of the business case for the creation of a new CFA. A Political, Environmental, Social, Technological, Legal and Economical (PESTLE) analysis and a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis have been carried out as part of the risk management practices which have formed the business case.

CONCLUSION

23. Based on the information within this report, it is recommended that option one is approved by Members. Initial investigations have demonstrated that through the proposed creation of a new CFA there could be many benefits realised in relation to Public Safety, Efficiency and Effectiveness and Economy across a new Combined Fire Authority covering Hampshire, Portsmouth, Southampton and the Isle of Wight.

RECOMMENDATION

24. That authority is delegated to the Chief Fire Officer to carry out a consultation exercise about the proposal for the creation of a new CFA, based on the information at appendix A, with the outcome of the consultation to be presented to the HFRA during November 2018.

APPENDICES ATTACHED

25. Appendix A – Consultation information and business case.

BACKGROUND PAPERS

26. [Hampshire Fire and Rescue Authority Report, 22 March 2018: Initial business case into the proposed creation of a new Combined Fire Authority to include Hampshire, Southampton, Portsmouth and the Isle of Wight Authorities](#)
27. [Hampshire Fire and Rescue Authority report, 21 February 2017; Potential to expand the existing Combined Fire Authority of Hampshire, Portsmouth and Southampton to include the Isle of Wight Fire Authority](#)

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PROPOSED CREATION OF A NEW COMBINED FIRE AUTHORITY TO INCLUDE HAMPSHIRE, ISLE OF WIGHT, PORTSMOUTH AND SOUTHAMPTON AUTHORITIES

Appendix A: Consultation information and business case

1 CONSULTATION INFORMATION

1.1 Introduction

Hampshire Fire and Rescue Authority (HFRA) are seeking views on the possible creation of a new Combined Fire Authority (CFA) to include the Authorities of Hampshire County Council (HCC), the Isle of Wight Council (IWC), Portsmouth City Council and Southampton City Council (SCC).

This consultation document is for the purposes of HFRA's consideration of the proposal. IWC are running a similar consultation process as part of their consideration of the proposal

The consultation documents will be available online and in paper form (upon request).

Consultation will run for 12 weeks. The results of the consultation will be carefully analysed and put into a report which will be presented to the HFRA, along with all other relevant information, in order to enable a decision to be made about whether to propose a scheme to the Secretary of State for the creation of a new CFA. This decision will be made towards the end of the year. A similar process and decision will be made by IWC, following consultation with their key stakeholders.

Consultation is taking place with the following key stakeholders (this list is not exhaustive):

- the public
- the Constituent Authorities of Hampshire County Council, Portsmouth City Council and Southampton City Council
- Bordering Fire and Rescue Authorities and Services
- The Police and Crime Commissioner
- Bordering Constabularies
- Local emergency services
- The National Fire Chiefs Council
- Hampshire MP's
- Home Office
- National Police Chiefs Council
- Local Government Association (LGA)
- Trade unions and professional representative bodies
- Society of Local Authority Chief Executives (SOLACE)

Section 2 of the Fire and Rescue Services Act 2004 states that a CFA may only be created by the Secretary of State if it is in the interests of economy, efficiency, effectiveness or public safety. The information contained within this document pays due regard to economy, efficiency and effectiveness and public safety and explains

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how the proposed creation of a new CFA could meet the requirements of section 2 of the Fire and Rescue Services Act 2004. We are therefore seeking views from stakeholders on these areas.

Hampshire Fire and Rescue Authority is a Best Value Authority, under section 3 of the Local Government Act 1999, and is committed to securing continuous improvement in the way its functions are exercised, having due regard to economy, effectiveness and efficiency. HFRA is consulting with key stakeholders regarding the proposed creation of a new CFA to ensure it continues to meet the requirements of a Best Value Authority.

1.2 Background

Fire and Rescue Authorities (FRAs) are governed by the Fire and Rescue Services Act 2004 (“the 2004 Act”). An aim of a Fire and Rescue Authority is to promote fire safety in its area. All FRAs must ensure they provide services to their communities in relation to fire-fighting, road traffic incidents and other emergencies. FRAs are also increasingly broadening their role into Health and Wellbeing functions.

An FRA must provide the services set out in the 2004 Act and in doing so, delegates the day to day operations to a Fire and Rescue Service (FRS) made up of officers and support staff. The FRA holds FRS to account for delivery of an Integrated Risk Management Plan (IRMP). The IRMP is based around the risks and demands the Service faces and outlines how it will deploy resources to ensure safer communities. Through delivery of the IRMP, both HFRS and IWFRS provide a Community Safety, Community Response and Community Resilience service to the communities they serve.

HFRA and IWC entered into a Strategic Partnership in April 2015. This partnership, named “Delivering Differently in Partnership” (DDiP), enabled the operational alignment of Hampshire Fire and Rescue Service (HFRS) and the Isle of Wight Fire and Rescue Service (IWFRS) and has been successfully operating for three years. The partnership has enabled the two services to establish a close working relationship. The main focus of the partnership was shared Strategic leadership and incident command, aligned service policy, a Fleet Management and Health and Safety provision and training and development support. The Chief Fire Officer of HFRS is also the Chief Fire Officer for the IWFRS. HFRS have also recently taken over call handling on the Isle of Wight. The call control room in Hampshire now receives the 999 calls from the Isle of Wight and despatches emergency response on the Island as appropriate.

Since April 2015, DDiP has delivered benefits to both services, the staff and the communities we serve, including successfully achieving financial efficiencies, operational benefits and increased and shared knowledge and learning. It has also had the effect of bringing the services closer together. The current partnership has enabled the two services to align on an operational level but does have some constraints financially, and also with regards to governance and decision making. The partnership has enabled the IWFRS to continue to operate financially,

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something which has become more difficult in the current financial climate. Three years into the partnership it is timely to build upon the success of DDiP and now consider proposals for optimal governance arrangements for both Authorities.

Investigations into possible creation of a new CFA began in February 2017. In March 2018, HFRA and IWC agreed an outline business case exploring the risks and opportunities of creating a new CFA consisting of Hampshire, the Isle of Wight, Portsmouth and Southampton.

This consultation document describes the current governance arrangements of HFRA, HFRS, the IWC and the IWFRS, explains why we are consulting on a proposed change in governance and what a new CFA might look like. No decisions around creating a new CFA have yet been made and we are now seeking views from key stakeholders to inform a decision about whether to proceed with a proposal to the Secretary of State.

1.3 Governance

Fire and Rescue Authorities (FRAs) are governed in a variety of ways including: a Combined Fire Authority (CFA), an upper tier Local Authority, a Metropolitan Council, a Police and Fire Crime Commissioner (PFCC) or an Elected Mayor.

A Combined Fire Authority (CFA) is created by the Secretary of State using powers granted in section 2 of the Fire and Rescue Services Act 2004. A statutory instrument known as a Combination Order is created. This constitutes the CFA as a public body and provides some detail about how the CFA should operate. A CFA covers more than one local authority area. The upper tier Local Authorities in the CFA area are known as Constituent Authorities. The Constituent Authorities appoint a fixed number of elected Councillors to the CFA. The Councillors on a CFA are known as Members.

A Local Authority led Fire and Rescue Service is integrated into the Local Authority. The Local Authority is responsible for delivering Fire and Rescue services to the area it covers in the same way it delivers other services. The Local Authority's Constitution will set out how fire and rescue functions are discharged and what responsibilities lie with elected Councillors.

A Metropolitan Fire and Rescue Service (with the exception of London and Manchester) is similar to a CFA. Metropolitan Fire and Rescue Services consist of Metropolitan Councils from different local areas, who come together and appoint Councillors to form a Fire and Rescue Authority, in a similar way to the CFA model.

Both Manchester and London operate a Fire and Rescue Service with a single Mayor to govern the whole area.

In January 2017, the Policing and Crime Act 2017 granted powers to Police and Crime Commissioners to be able to take on the responsibilities of Fire and Rescue Services instead of having a Fire and Rescue Authority. If a Police and Crime

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Commissioner opts to go down this route, and the Secretary of State agrees it is in the interests of effectiveness, efficiency, economy or public safety, they become known as a Police and Fire Crime Commissioner (PFCC). There are currently a number of Police and Crime Commissioners in England that have opted to take on the responsibilities of the Fire and Rescue Service.

1.3.1 Hampshire Fire and Rescue Authority (HFRA)

HFRA is a CFA comprised of the constituent authorities of Hampshire County Council, Portsmouth City Council and Southampton City Council. HFRA was created by the Hampshire Fire Services (Combination Scheme) Order 1996 (known as the Combination Order) and which has remained in force under section 4 of the Fire and Rescue Services Act 2004. The number of Members of the HFRA is currently 10. There are eight Members from Hampshire County Council, one from Portsmouth City Council and one from Southampton City Council. As a Member of the body governing the FRS, a Fire Authority Member's priority is to ensure the Service is protecting life and property in the event of fires, rescuing and protecting people in the event of road traffic collisions and rescuing and protecting people in the event of other emergencies across the whole CFA area. They make decisions regarding the operations of the Fire and Rescue Service as a whole including approving the Integrated Risk Management Plan (IRMP).

1.3.2 Hampshire Fire and Rescue Service (HFRS)

HFRS is accountable to HFRA. HFRS delivers the day to day operational fire and rescue service as directed by HFRA. The Service is responsible for carrying out the objectives within the IRMP. Resources are deployed throughout the CFA area according to risk and demand to ensure safe communities. The Service is made up of operational staff who respond to incidents, protect life and property, undertake prevention work and deal with fire safety.

1.3.3 The Isle of Wight Fire and Rescue Authority (IWFA)

The IWFA is part of the Isle of Wight Council (IWC). The IWC is an upper tier Council made up of 39 areas known as wards. An upper tier Council is the top tier of local government for an area, providing a large number of public services to the community. For the Isle of Wight, the Council provides services for the whole Isle of Wight area. The Isle of Wight Council has 40 elected Councillors. The IWFA is made up of Cabinet Members on the IWC who make decisions regarding the fire and rescue service. A single Councillor is responsible for bringing to Cabinet, decisions around the Fire and Rescue Service. The decisions are considered amongst other Council business. Cabinet within the IWC agree the IRMP.

1.3.4 The Isle of Wight Fire and Rescue Service (IWFRS)

The IWFRS is a department of the IWC and is part of the Community Safety and Public Protection portfolio. The Fire and Rescue Service budget is part of the larger budget of the whole County Council. Operational staff cover the whole of the Island

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to provide response to incidents, protection and prevention work and Fire Safety; ensuring the delivery of the IRMP. Currently, the strategic management of the Fire and Rescue Service is provided by HFRS under the DDiP agreement with operational staff on the Island remaining IWC employee's.

1.3.5 The Police and Crime Commissioner (PCC)

The PCC in Hampshire represents, and covers a boundary area, comprising of the Hampshire County Council, the Portsmouth City Council and the Southampton City Council areas and the Isle of Wight. This is the same boundary area that Hampshire Constabulary cover. With the HFRS and IWFRS as two separate Services, the boundaries are not coterminous with the PCC or Hampshire Constabulary. The PCC has been invited by both the HFRA and the IWC to become a voting Member of each of the FRAs. The HFRA combination order was amended in 2017 to reflect this and facilitate the change. The PCC declined the invite to become a voting member and instead, regularly attends HFRA meetings as a non-voting participant and actively comments on the debate. The PCC has indicated that at the moment, he is not minded to use the Policing and Crime Act 2017 and change the governance of the Fire and Rescue Services of Hampshire and the Isle of Wight but will continue to engage and support the fire Authorities. He has also said that he will continue to look for the successful coming together of the Fire Authorities.

1.3.6 A new Combined Fire Authority (CFA)

HFRA and IWC are considering making a proposal to the Secretary of State to create a new, single CFA covering the existing HFRA area and the Isle of Wight.

In order for a new CFA to be created, the proposal needs to be put forward to the Secretary of State for consideration. It is the decision of the Secretary of State whether a new CFA is created or not. Should the Secretary of State agree to create a new CFA, this would be done under Section 2 of the Fire and Rescue Services Act 2004. The proposed new CFA would consist of the Authorities of Hampshire County Council, the Isle of Wight Council, Portsmouth City Council and Southampton City Council. It is anticipated that the new CFA would be made up of elected Members from each Constituent Authority. The total number of Members is likely to be determined by the new CFA. The number of Members from each Constituent Authority should, so far as is practicable, be proportionate to the number of electors in each Constituent Authority area compared to each other.

HFRA has recently carried out a Governance Review, for the purpose of ensuring it is operating in the most efficient and effective way and is aligned to the Fire Reform agenda. The Governance Review resulted in a reduction of the number of Members of HFRA from 25 to the current number of 10 (as of June 2017). This reduction in size has seen many positive benefits such as cost savings and more efficient and effective decision making. It is important that a new CFA recognises the importance of the principles of [Fire Reform](#) and continues to operate in the most efficient and effective way. Any decision about the size and number of Members of a new CFA must reflect these principles. Using 2017 electoral data from the Constituent

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Authorities, calculations show that a new CFA could consist of 11 Members representing the four councils, with the PCC as an invited guest. In keeping with HFRA's Governance Review, HFRA's preferred option would be for a new CFA to be initially created with 11 Members. However, the total number of members would then be a decision for the CFA from time to time, according to the proportionality principles explained above.

If a proposal is put forward to create a new CFA, then the current Hampshire Fire and Rescue Authority Combination Order would be revoked and the staff and assets of HFRA would be transferred to the new CFA. Similarly, the staff and assets of IWFRS would be transferred from the IWC to the new CFA. The two Fire and Rescue Services would combine under the governance of a new, single Fire Authority to serve the communities of all the constituent authorities, across the whole CFA area.

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2 THE BUSINESS CASE

In order to assess the relative merits and risks of the options, the business case is made up of two main parts consisting of:

1. Operational Analysis
2. Financial Analysis

The business case has been constructed in this way to allow the relevant Authorities to consider the options in a way that meets the requirements in the Fire and Rescue Services Act (2004) Section 2, which requires the Secretary of State to make any decision about the governance of Fire and Rescue functions on basis of:

1. Efficiency and effectiveness
2. Economy
3. Public safety

Efficiency and effectiveness and public safety have been captured under the operational analysis. Economy has been captured under the financial analysis.

The financial analysis within the business case has taken due regard of the Chartered Institute of Public Finance and Accountancy (CIPFA) document 'The Development of Guiding Principles on how to Fund the Transfer of a Fire and Rescue Service from a County Council to a PCC' January 2018, as well as the CIPFA independent reviews of PCC governance business cases. Although this proposal is not to transfer to the HFRA to a PCC model, the CIPFA document provided a useful reference.

The table below provides a direct comparison of the main statistical information for both Hampshire and the Isle of Wight.

Key comparators for Hampshire FRS and Isle of Wight FRS			
	Hampshire (including Portsmouth and Southampton)	Isle of Wight	Total
Socio-economic			
Population	1,829,500	139,800	1,969,300
Area (in hectares)	376,921	38,016	414,937
Number of domestic properties	754,084	69,583	823,667

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Number of non-domestic properties	51,479	6,631	58,110
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2.1 Operational analysis

In considering the efficiency, effectiveness and public safety of a new CFA we have focused on the benefits and risks from an operational and organisational perspective and explored:

- Resilience
- Capacity
- Duplication
- Continuous improvement
- Reducing the risk from fire and other emergencies

The new CFA would need to undertake a review of risk across the whole geography of the new CFA area through an Integrated Risk Management Plan (IRMP). The operations of the new CFA will adjust to meet the risks and demands of the new CFA area. Fire and Rescue Authorities have a duty to have regard to the Fire and Rescue National Framework required by s.21 Fire and Rescue Services Act 2004 and to produce an IRMP that identifies and assesses all foreseeable fire and rescue related risks that could affect its community.

A larger CFA provides for more resources to be able to grow and improve the fire and rescue service provision across both localities. The financial choices faced by an upper tier local authority could present a future challenge to the IOWFRS and although efficiencies have been made to most services on the Island more maybe required. A new CFA including the IWFRS would ensure a fire specific focus on the Isle of Wight by a new organisation whose sole purpose is fire and rescue services. Its financial separation would also give the ability to plan well ahead and ensure the public are receiving the best fire and rescue service.

Operational	Key comparators for Hampshire and Isle of Wight FRS		
	Hampshire	Isle of Wight	Total
No of fire stations	51	10	61
On-call fire stations	38	8	46
Number of appliances	78	13	91
Number of calls to control	30,433	1969	32,402
No of incidents attended	20,299	1349	21,648

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2.1. 1 <u>Resilience</u>	17/18 within county			
	Total fires	3,891	306	4,197
	Total accidental dwelling fires	796	75	871
	Number of FSO inspections carried out	457	107	564
	Number of wholetime firefighters	679	76	755
	Number of on-call firefighters	496.5	86	582.5
	Number of corporate staff, non-uniformed service delivery and	256	19	275
	Fire Control	31.5	0	31.5

The current arrangements in Hampshire mean that there are 1462 employees of the fire service to provide prevention, protection, response and resilience activities to the community. In comparison the Isle of Wight has 181 employees. By combining and creating a new CFA, this would provide for increased resilience operationally across the whole of the new CFA area and would build upon the benefits already realised under the current Strategic Partnership. Under a new CFA it would be possible to plan for teams to operate between the mainland and Island for specific events as well as to provide contingency in case of low staff numbers. The same approach can be taken for vehicles and equipment across the two areas. The IWFRS has 13 equipped front-line appliances, HFRS has 78. There would be challenges geographically however this shouldn't be a barrier to becoming one organisation and enhancing resilience for operational employees.

A CFA with more resources is of great benefit during national scale incidents where whole communities become concerned or involved. During the Grenfell Tower incident, Hampshire Fire and Rescue Service were able to deploy resources across the County from areas of low risk to areas of greater risk in the cities of Portsmouth and Southampton. This supported the City Councils in inspecting the 272 high rise buildings and provided reassurance to the communities that live in them.

A new CFA would also provide for increased resilience for the organisation by creating a more stable platform for the delivery of services to the public. Continuing as two separate organisations, both would maintain their own independence, however as one larger organisation, there would be much more resilience to ensure safer communities. As one organisation there is a single point of governance which will ensure clarity of decision making and a more resilient organisation.

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The table below illustrates the comparison between HFRS and IWFRS in relation to Command Officers and Protection activity. It shows what increased resilience a new CFA could have if the two organisations resources are joined together.

Key comparators for Hampshire FRS and Isle of Wight FRS			
	Hampshire	Isle of Wight	Total
Number of level 1 command officers	488	57	546
Number of level 2 command officers	48	9	57
Number of level 3 command officers	9	0	9
Number of level 4 command officers	9	0	9
Protection			
Fire Safety Audits	457	107	564
Enforcements	0	2	2
Prohibitions	25	0	25
Action Plans Issued	176	4	200
Alleged Fire Risks	466	7	473
High Rise Inspections	272	6	278
Joint Inspections of High Rise with Local Authority	29	0	29
Prosecutions	7 pending	0	7
Building Control	828	71	899
Other Fire Safety activities, e.g. licensing	647	25	672

2.1.2 Capacity

As well as describing the organisational resilience elements it is vital to consider the overall delivery capacity of the current arrangements and the potential of a new combined service.

The table below shows the number of staff HFRS and IWFRS have in their respective community safety and protection functions.

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Team	HFRS	IWFRS	Total
Community Safety	44	5	49
Protection	23	3.5	26.5

A new CFA would provide enhanced and increased capacity operationally and organisationally. It would create the opportunity to work flexibly across a larger geographical area focusing resources upon the needs and risks of the communities. As a combined workforce, these numbers provide for a more resilient Service that is better able to adapt the changing needs and risks of the whole geographical area. A change in the governance model could create a short-term effect on some staff workloads during the transition period, however this would be managed and monitored closely to ensure there are no distractions from the important job we have of creating safer communities.

2.1.3 Duplication

While the existing partnership arrangements provide for more sharing between the two services, they still remain two separate organisations and therefore there is duplication of policies, strategies, response standards, performance indicators and other agreements. Currently HR, legal and employment practices cannot be shared as there are two different employers of FRS teams in the two Authorities. This means that legal challenges, trade union negotiations, grievance and pay procedures are made more difficult for the shared leadership team as they need to operate across two sets of rules. The same is also true for organisational personal support and standards, including discipline where there is a real need for consistency to give our teams the peace of mind to know they are protected and supported in their roles.

The creation of a new CFA and the alignment of such policies, would remove this duplication and create clarity for both staff and the public. It would ensure there is one team providing emergency response and delivering consistent safety messages. It would also remove duplication of work as there are currently two teams delivering all aspects of the Fire and Rescue Service. Aligning the two organisations may take some time however operating as one organisation and the increased consistency this brings is of great benefit to both staff and the public.

2.1.4 Continuous Improvement

The creation of a new CFA would allow for increased shared operational knowledge and learning. Both organisations have a breadth of expertise and coming together as one organisation will further enhance the sharing of knowledge, increase operational learning and ensure continuous improvement. A larger organisation lends itself to better career progression opportunities. The bringing together of the strengths of both organisations, will allow for a mixture of skills and knowledge to be shared benefiting the whole organisation and the public. Staff will have the opportunity to work across different geographical areas allowing for exposure to, and a better awareness of, varying social demographics enabling a better understanding of risk.

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With the increased use of flexible working for support staff, the opportunity to work closer to home and reduce the amount of commuting will increase. A larger organisation will also lend itself to providing increased development opportunities for staff. There will be cultural differences between the two organisations. This brings strength as the differences between the two organisations are valued and brought together as one.

A new CFA would mean that there would be one team with the responsibility of data gathering, data sharing and intelligence. An enhanced data provision and the combining of the data sets would provide a richer picture of the risks faced across the whole geographical area and lead to a better understanding of how to mitigate the risks and create safer communities.

2.1.5 Reducing the risk from fire and other emergencies

There are currently two separate corporate plans for each of the two services. The creation of a new CFA would allow for the alignment of the Integrated Risk Management Plan (IRMP) and other policies and strategies that are currently delivered individually. Alignment would ensure the public are receiving clear consistent safety messages and ensure safer communities through a dedicated Communications Team. It will allow for aligned preventative and protection messages to assist with ensuring safer outcomes for the public. A larger more resilient organisation would be better equipped to deal with emergencies when they happen, and be better equipped to carry out preventative and protection work in a clear consistent manner for the communities.

Fire and Rescue Services primary concern is public safety. The creation of a new CFA must ensure the continued focus on public safety. The points below consider how public safety could be improved under the creation of a new CFA.

Under the Strategic Partnership, the Strategic Management of the IWFRS is provided to the Isle of Wight by HFRS, under the policy direction of the IWC. Although an efficient way to manage the IWFRS, a significant amount of Hampshire Officer's time is spent on the IOW in relation to strategic leadership and contribution to the IWC. Clearer more effective and streamlined governance and decision making could be achieved by the creation of a single Fire and Rescue Authority. Decision making under the current arrangements can be lengthy and take up a lot of time. This is time which could be better spent on making decisions around safety, prevention and protection. The current governance arrangements mean that the IWC consider decisions around the Fire and Rescue Service amongst other priorities, the IWC have multiple purposes and priorities. The creation of a new CFA and a single purpose organisation making decisions about one strategic area, will allow for more cohesive decision making around the safety of the public. It will also ensure all focus on the Island is fire related.

The creation of a new larger CFA lends itself to being better equipped to deal with national resilience issues and events. Often, issues and events of national resilience

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can become a huge drain on the resources of a Fire and Rescue Service, the recent Grenfell Tower fire saw this on a large scale and required HFRS to deploy resources to areas of need on a large scale. During Grenfell there were significant priorities HFRS had to work on and do so quickly to help ensure public safety. Operating as one Fire and Rescue Authority creates more resilience when it comes to dealing with events such as these. HFRS have been operating a successful volunteer scheme for many years now. The number of HFRS volunteers in 2017 was 100. In the IWFRS, in 2017, there was one volunteer. The creation of a new CFA and the pooling of resources gives a greater opportunity for communities and business to benefit from the activities currently offered by individual Services, such as the volunteer scheme. They will also benefit from the use of cutting edge equipment and state of the art delivery of services.

There are many benefits to working in collaboration with other blue light partners and the introduction of the Policing and Crime Act 2017 places emphasis on ensuring consideration is given to collaboration at all times. The creation of a new CFA would provide greater capacity to deliver collaborative work and to enter into partnerships that will be of benefit to the communities in Hampshire and the Isle of Wight.

The IWFRS work with partners to deliver a road safety prevention activity across the Island. This has enabled the delivery of an extensive range of road safety activities that is not replicated by HFRS. In 2017/18 the IWFRS delivered the following:

Course	Number of participants
Head On	650 students
Biker Down	100 participants
Driver Awareness Training	1350 drivers
Bikeability	290 children
National Citizen's	11 sessions to 30 people
Child pedestrian training	42 schools

The creation of a new CFA would provide greater operational resilience and in turn, improved interoperability, the ability for the Service to work with other Emergency Services across different boundaries. This will provide enhanced public safety due to the capacity to share resources more efficiently and effectively when it is required. A new CFA would create one single organisation for other partners to work with as opposed to two separate ones. This reduces duplication of workload for partners creating a single unified purpose.

2.1.6 Status quo – maintain existing arrangements

The alternative option to creating a new CFA from an operational perspective would be to maintain the existing governance arrangements and remain as two separate fire and rescue services. There are no identified public safety benefits if the two Services choose to maintain existing arrangements. If the current governance arrangements were maintained, the public in Hampshire and on the Isle of Wight

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would remain safe. There are no benefits that have been identified should the governance arrangements remain as they currently are, compared with creating a new CFA. The risk of this option is that each authority will not make the improvements from an operational perspective as described in this business case. If the Services did remain separate the IWC would retain democratic control of the fire and rescue service and the HFRA would remain unchanged. A review of the partnership under the DDiP arrangements would need to be carried out to ensure the Services can operate in the most efficient and effective way. It is unknown what the outcomes might be from a review of the partnership and whether the savings to IWFRS and IWC and income to HFRA and more efficient and effective ways of working would be maintained. Currently the partnership has delivered £470K savings for IWFRS and provided increased capacity and resilience to the training department and leadership team. HFRA receives an income for the recovery of costs in the region of £230,000 per annum.

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2.3 Financial analysis

Whilst there is only a limited financial case for pursuing a new CFA, this is not one of the key drivers for the business case and therefore this section needs to be considered in the wider context of the other benefits that a new CFA would bring.

The process for creating a new CFA from a financial point of view is quite complex but what this section seeks to explain is the financial impact that it would have both on HFRA and on council tax payers in Hampshire.

In simple terms as the Fire and Rescue Service on the IOW is part of the overall IWC, we must identify all of the financial aspects that relate to that service and then consider what the impact is of transferring these into a new CFA. For the purposes of this consultation we have based the financial information on the 2018/19 budget as this is the most recent information that we have available.

The key element of this process is to identify the direct revenue costs (day to day costs such as salaries and fuel) of providing the FRS on the Island, but we must also consider other issues such as:

- Central costs (e.g. finance and legal support) that are incurred in providing direct support to the FRS
- Grants and other income
- Assets and liabilities linked to the service such as buildings and vehicles
- Debt financing costs
- Reserves

The other important factor is to understand the impact on council tax. For residents on the Isle of Wight, they would see the council tax that they pay for IWC services reduce but a new amount (called a precept) would be charged by the new CFA for FRS's (in the same way that the Police and Crime Commissioner does at the moment).

For Hampshire residents, there may be an impact on council tax depending on the value of costs and income that transfer from the IOW and the new CFA must decide how it will 'harmonise' council tax for residents both on the Isle of Wight and in Hampshire if it is created.

The following sections in this consultation document cover these issues in more detail.

2.3.1 Revenue Costs

As part of the financial process a figure must be calculated that represents the total 'notional' cost of the IWC FRS. The total direct net cost of providing a Fire and Rescue Service on the Isle of Wight is budgeted to be £6.135m in 2018/19 including the proposals for savings that have been put forward as part of the service review.

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In addition to these costs an exercise has been undertaken to identify other direct costs that are attributable to the IWCFRS and to work out an appropriate proportion of other central budgets that should be taken into account. This has provided further costs as follows:

Item	£'000	Comments
Direct support costs	270	Based on forecast time spent supporting the FRS
Repairs and maintenance	26	Proportion of central budget
Debt financing costs	725	Proportion of central budget

The overall aim of the financial process is to leave the IWC in no better or worse position than it would have been if the service remained within the Council. On that basis, the following approach has been proposed in respect of the costs in the above table.

Direct support costs – These represent proportions of individual staff time spent supporting the FRS. If financial resources were transferred it is unlikely that the staff associated with those budgets could also be transferred to the new CFA since the work for IWCFRS represents only part of an individual's role. It is therefore proposed that this is excluded from the notional budget. Whilst it is anticipated that there will be some additional support costs for the new CFA these are considered to be marginal and would expect to be met from the additional council tax income highlighted below.

Repairs and Maintenance – Since this represents a proportion of an existing central budget and is relatively small, it is again proposed that the resources remain with IWC.

Debt Financing Costs – These costs are more substantial but have still been calculated on the basis of a relevant proportion of a central budget. Loans were taken out to fund capital expenditure in the past and this represents the cost of repaying those loans plus interest. It is not possible to easily identify which FRS assets were funded through borrowing and therefore a proportion of the budget has been used.

If this cost transferred to the new CFA, it would mean that council tax income equivalent to the full value would also need to transfer with it. The impact on the IWC is therefore neutral irrespective of whether the debt costs transfer or not. On that basis it is proposed to leave the debt costs and council tax income with the IWC since this also removes potential administrative complications with transferring debt between organisations.

PROPOSED CREATION OF A NEW COMBINED FIRE AUTHORITY TO INCLUDE HAMPSHIRE, ISLE OF WIGHT, PORTSMOUTH AND SOUTHAMPTON AUTHORITIES

Based on the assumptions detailed above this therefore means that the current revenue cost of the IWCFRS for the purposes of any potential transfer are £6.135m

2.3.2 Grants

The IWC also receive grants and other income to help offset the costs of services provided on the island. In order to calculate the 'notional' net cost of the IWCFRS, a proportion of these grants and other income needs to be attributed to the IWCFRS.

An explanation of the different income sources and how these have been treated is outlined below:

Revenue Support Grant – The Government provides grant to local authorities to help meet the cost of services in the form of Revenue Support Grant (RSG). Normally RSG is provided as a general grant and not allocated to specific services, but in the case of Fire a separate Fire RSG is identified by the Government.

For 2018/19 Fire Revenue Support Grant for the IWC was assessed as **£992,000** and this amount can therefore be taken into account as part of these calculations.

Retained Business Rates – Local Authorities can now retain a proportion of Business Rate income collected in the year. Again this is a general grant that can be used to fund all services and therefore only a proportion of this can be attributed to the IWCFRS.

The Government publishes baseline assessments for business rates that distinguish between Fire Services and Other Services. The figure for retained business rates for IWCFRS in 2018/19 is **£1.065m**.

Business Rate Top Up Grant – Some local authorities also receive a top up grant from the Government as the income they now receive through business rates retention is less than the total level of grants they previously received.

For IWC the Top Up grant is £12.652m, but again the Government provides a breakdown of this figure between Fire Services and Other Services. The figure for Top Up grant for IECFRS in 2018/19 is **£714,000**.

2.3.3 Potential Further Savings

The Service Review proposals are expected to be implemented this financial year and take the level of operational capacity down to the minimum level that can be achieved under the current DDiP arrangements.

This means that there is limited opportunity for the IWC to make further savings from the IWCFRS and similarly there are no significant opportunities for HFRA to increase the income they currently receive under the DDiP arrangements.

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In overall terms, the potential removal of the FRS from the IWC would have the impact that the IWC will need to find a relatively higher proportion of savings from a smaller service cost base due to the higher reduction in general RSG compared to Fire RSG.

Whilst this has a slight negative impact on the overall financial position of the IWC, if the FRS remained within the IWC it would have a very limited ability to contribute to any further savings programmes since most of the costs are driven by staff, buildings and vehicles. On that basis the IWC is in no worse a position than it otherwise would have been.

A separate commitment has also been made to continue to use capacity that exists within the IWC FRS to improve and generate efficiencies in other IWC and Isle of Wight public services. Whilst this will not make direct savings within the FRS itself, it may help other services to reduce their expenditure through collaboration and close working with the FRS.

In addition, although the scope is much smaller, it may still be possible to make savings in other running costs within the IWC FRS and current plans to replace Personal Protective Equipment (PPE) in the current year will lead to a saving in annual revenue costs of around £80,000 from 2019/20 onwards.

Since the IWC are funding the £340,000 required to replace the PPE this year, it seems reasonable that the future saving should also be taken into account as part of the calculation of the notional FRS budget.

This would have the effect of reducing the net service cost of the FRS to £6.055m

2.3.4 Council Tax

As mentioned in the introduction to this section, it is necessary to calculate a 'notional' council tax for the IWC FRS, which would be removed from the IWC total council tax and replaced by a separate precept from the new CFA.

The notional council tax can be calculated as follows:

	£'000
Net Service Cost	6,055
Fire Revenue Support Grant	(992)
Retained Business Rates	(1,065)
Business Rates Top Up	(714)
Net Amount to be met from Council Tax	3,284
Divided by Tax Base for IWC	52,998
Notional Council Tax	£62.00

PROPOSED CREATION OF A NEW COMBINED FIRE AUTHORITY TO INCLUDE HAMPSHIRE, ISLE OF WIGHT, PORTSMOUTH AND SOUTHAMPTON AUTHORITIES

If a new CFA were to be created then this is the amount that the IWC council tax bill would be reduced by and a new precept would then be charged by the new CFA.

The amount to be charged for council tax by the CFA in the future would need to take into account the impact on the residents of both the Isle of Wight and Hampshire, which is known as council tax harmonisation.

The council tax for HFRA in 2018/19 is £65.74 which is which is £3.74 higher than the notional amount shown above. For the purposes of this consultation it has been assumed that council tax would be harmonised at the current Hampshire rate.

In simple terms this would mean that Isle of Wight residents would pay £3.74 more per year for their Fire Service than they did under the previous arrangements and this would generate extra council tax income for the new CFA of just under £200,000 per annum that could be used to fund any additional support and other costs that may arise as a result of the transfer.

This would mean that at the point of transfer, Hampshire residents would not see any change to the council tax level they pay for Fire and Rescue Services. However, there are other implications on the budget for a new CFA that need to be taken into account, and these are discussed in more detail in the next sections.

2.3.5 Assets and Liabilities

When a transfer of functions between public bodies takes place, it is also usual practice for all relevant assets and liabilities to transfer at the same time. In the context of the IWCFRS this would include:

- Specific land and buildings associated with the provision of the IWCFRS (mainly dedicated fire stations)
- Vehicles and equipment used within the service
- Specific financial assets or liabilities associated with the service (provisions, capital receipts, reserves etc)
- A relevant proportion of general reserves held by IWC based on the IWCFRS budget as a proportion of the total budget (4.087%)

No debt would transfer for the reasons set out previously and it is assumed that contracts for services would be novated to a new CFA wherever this could be negotiated with the provider.

The assumption within this business case is that all physical assets would transfer to a new CFA unless separately agreed between the two organisations and that relevant financial assets and liabilities would also transfer at the point of the creation of a new CFA. This would give the following profile of transfers based on the

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estimated position at the end of 2018/19 (or as per the 2017/18 accounts in the case of the Net Book Values):

	£'000
Net Book Value of Property (existing Use Value based on a 5 year re-evaluation cycle)	10,327
Net Book Value of Vehicles and Equipment (historic cost less depreciation)	2,898
FRS Special Grants Reserve	106
4.087% of Repairs and Renewals Reserve	41
4.087% of Non-insurable risks reserve	81
4.087% of General Reserves	456

In overall terms, the transfer of these assets and liabilities has a broadly neutral impact on Hampshire at the point of transfer but does create substantial liabilities when considering the future maintenance and replacement programmes for buildings and vehicles in particular, which is discussed in more detail in the next section.

In balance sheet terms, it does however increase the net worth of the new CFA and provide greater options for the management of the built estate and vehicles across the new CFA.

2.3.6 Asset Maintenance and Replacement

One of the key issues for creating a new CFA would be the transfer of future liabilities relating to Property and Vehicles which are currently not funded within the existing Medium Term Financial Plan and are only partially offset by the transfer of reserves outlined above.

A review has been carried out to identify the essential areas for capital investment within the FRS on the Isle of Wight and these are outlined below:

Property – The current estate of fire stations is old and in a poor state of repair. A condition survey has been carried out which has identified a programme of essential maintenance that is required to the estate to keep it operationally effective and a safe place to work.

This would require capital funding in the order of **£3m** over the next 3 to 5 years with **£1.6m** of this needing to be addressed within the first 1 to 2 years. In addition, it is estimated that an additional annual revenue budget of over **£460,000** per annum would need to be created to properly maintain and service the fire station estate across the Isle of Wight.

One off capital funding to meet the required investment would need to be found and factored into the capital programme and perhaps more importantly an additional annual revenue budget would need to be created on an ongoing basis.

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This additional funding needs to be seen in the context that the new CFA would have wider and valuable asset base (an increase in the order of £13m) than previously and that these assets are available to help facilitate future changes to the Service as appropriate.

Vehicles – The current service review proposals for IWCFRS include changes to the vehicle types used by the service. In addition, there is a general requirement for vehicle replacement over the next 5 years.

These two things together require investment in vehicles of **£2.4m** over the next five years against which the IWC only has **£0.6m** put aside to help fund this expenditure.

Again, it would be for the new CFA to address this funding shortfall and new capital funding of **£1.8m** would be required to be found and added to the capital programme.

It may be possible to look at alternative arrangements for vehicle utilisation both on the Island and in Hampshire taking into account the wider fleet that would be available to the new CFA. This could bring the one-off liability down, but it unlikely to eradicate it altogether.

It is assumed that the other running costs of the vehicles is adequately covered in the equivalent revenue budgets that would transfer.

2.3.7 Capital Funding Options

In capital terms, a net requirement of nearly **£5m** has been identified over the next 5 years.

Hampshire has been successful in building up its Revenue Contributions to Capital Outlay (RCCO) over the last few years to the extent that there is nearly £4m built into the budget on a recurring basis to help fund capital expenditure.

The current capital programme itself within HFRA is funded until 2020/21 and there remains some uncommitted resources in the Capital Payments Reserve. However, given the extent of the capital liabilities that the new CFA would be taking on, support in the form of implementation grant would be requested from the Home Office to enable the successful creation of the new CFA.

The vehicle replacement programme was recently updated to reflect the impact of the changes arising from the new operating model (Service Delivery Re-Design) and HFRA is currently developing its approach to managing the built estate so that it is fit for purpose going forward.

As a strategy therefore, it may be possible to look at greater vehicle utilisation across Hampshire and the Isle of Wight to limit vehicle replacements and then fund any essential new vehicles from the Capital Payments Reserve and potential financial support provided by the Home Office.

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The one-off costs associated with the built estate could be factored into the current plans being developed in respect of HFRA's estate strategy, which relies on prudential borrowing to meet the cost of capital investment, albeit there would be some contribution towards this from income earning opportunities and utilising other capital funding (such as capital receipts from the sale of other assets) to meet the expenditure.

This would limit the immediate impact of the transfer of property liabilities and would mean that the overall approach to estate management could be developed jointly for Hampshire and Isle of Wight properties, supported in part by potential funding provided by the Home Office.

2.3.8 Revenue Funding Options

Perhaps of greater concern is the annual revenue liability in respect of property assets. An exercise was completed to look at the costs of adequately providing for repairs, term servicing, inspections etc. for the existing properties on the Island.

This was forecast to cost £520,000 per annum and a provision of only £60,000 per annum exists within the current IWCFRS budget that would transfer to the new CFA, leaving an annual gap of £460,000 that would need to be found as part of any future budget setting process.

Part of this cost could be met from the additional council tax income that would be generated at the point of transfer once other costs (such as support costs) had been taken into account. However, since the total amount is only £200,000 this would not cover the annual revenue liabilities identified in respect of property costs.

Whilst under the current DDiP arrangements, it is not anticipated that any further significant savings can be made, the move to a new CFA would open up other opportunities for making savings across the two Fire Services.

This is because having a single larger CFA covering Hampshire and the Isle of Wight means that structures and resource deployment can be changed to be more efficient and generate savings as a result. This option is not available under the current DDiP arrangements as it is not lawful to directly deploy Hampshire resources on the Island unless they are responding to an emergency incident.

This restriction does not apply for a single CFA and it has been estimated that between £300,000 and £400,000 of additional savings could be achieved following the creation of a new CFA.

This funding together with the additional council tax income could be used to meet the additional annual property costs and would ensure that the properties are fit for purpose and maintain operational effectiveness going forward.

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2.3.9 Costs of new CFA creation

The majority of this section has dealt with the financial implications and process for a potential transfer of the IWCFRS to a new CFA.

However, there are also potential one-off costs associated with the transfer itself in terms of preparation of a final business case to Government, the legal process for creation of the CFA and transfer of assets, liabilities and contractual arrangements.

Furthermore, there may be costs in respect of the practical arrangements for the transfer of staff to the new CFA, in areas such as information and communication technology, equipment etc.

At this stage, it has been agreed by the two authorities that all one-off costs will be met by Hampshire and these costs once known would need to be factored into the update of the Medium Term Financial Plan.

2.3.10 Status quo – maintain existing arrangements

The DDiP arrangements finish in March 2020. If there is no move to a new CFA, these arrangements will need to be re-considered by HFRA and IWC. There is risk to HFRA that the arrangements may not be renewed and the income received from the IWC for DDiP will not be maintained.

3 SUMMARY OF THE BUSINESS CASE

This business case is based on a desire to create a more efficient and effective Fire and Rescue Service. There are challenging economic factors in transitioning to a new CFA, however improving public safety and ensuring delivery of an exceptional Fire and Rescue Service leading to safer communities across the whole area is the most important factor.

The creation of a new CFA would lead to a more efficient and effective Service and an improved level of safety to the public. The creation of consistent safety messages would provide greater re-assurance for the public. It is important to highlight that if a new CFA is created on a larger geographical area, operational staff will still maintain their existing local relationships and continue to have an understanding of the local context of the area they work in. There will be no changes to the operations of the FRS and the FRS will be maintained by the same people as it is currently. A new CFA will however have the responsibility of assessing the risks and demands of the new geographical area and deploying resources to best meet the risks and demands. This would result in the creation of a new IRMP in the future.

There are many benefits that the creation of a new CFA would bring organisationally, operationally and for the public. A new CFA, one organisation with a single purpose is a more accountable way of running a Fire Service. A single organisation with a single purpose is better able to provide efficient and effective scrutiny around decision making. A new CFA would allow for greater resilience, removal of duplication, enhanced capacity and ensure continuous improvement. There are some risks associated with the creation of a new CFA, however these are mainly short-term risks associated with the transition into a new governance model and the long-term benefits to the new CFA and public outweigh these short-term risks.

The alternative option is to maintain the existing arrangements and stay as two separate Services. Under this arrangement the two Services would remain separate and continue to be governed by the HFRA and the IWC. The IWC would maintain control of the fire and rescue service and the existing CFA that covers Hampshire, Portsmouth and Southampton would remain. Under this option, the current arrangements of the Strategic Partnership, DDiP, would run until the end of the agreement which is in March 2020. There is a risk that HFRA and IWC might not be able to come to an arrangement to extend the partnership beyond its current timeframes should a decision be made to keep the governance arrangements as they currently are.

The option not to change the governance of the fire and rescue services, although meaning that Hampshire and the Isle of Wight Fire and Rescue Service's would remain separately governed, does mean that the Police and Crime Commissioner, through the Policing and Crime Act 2017 could create a business case to become the Fire and Rescue Authority and create one entity made up of Hampshire FRS Isle of Wight Fire and Rescue Service's. In a recent letter the Police and Crime Commissioner stated that over the coming months he will continue to look for:

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- The successful coming together of the fire authorities
- The new inspection regime within HMICFRS and the confirmation of ongoing excellent performance of our fire services
- The bringing together of further significant savings through the existing collaboration, which delivered so well in the past

Economically for the HFRA and Hampshire residents there would be no change to council tax levels as a result of the creation of a new CFA and there would be an additional council tax income for the new CFA of nearly £200,000 per annum. There would be a need for the new CFA to fund capital investment for vehicles and property in the region of £5m over the next 5 years which would create a larger higher valued asset portfolio. Home Office funding would be sought to support this spend. There would also be the need for the new CFA to fund additional annual property maintenance and servicing liabilities of £520,000 per annum. This aside, there is the potential for the new CFA to make additional savings around £300,000 to £400,000 per annum.

This business case looks at two options, firstly to create a new CFA and secondly to maintain the existing governance arrangements. The preferred option currently is the proposed creation of a new CFA. There is also an option not to do this and to maintain the status quo. However, views are being sought through this consultation in order to inform a future decision. Whilst, there are challenging financial factors in transitioning to a new CFA, improving public safety and ensuring delivery of an exceptional Fire and Rescue Service leading to safer communities across the whole area is the most important factor.

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Purpose: Decision

6 JUNE 2018

ANNUAL GOVERNANCE STATEMENT 2017-18

Report of Chief Officer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

EXECUTIVE SUMMARY

1. Hampshire Fire and Rescue Authority publishes its Annual Governance Statement each year. It is presented to Members of the Fire Authority for consideration and approval. Once approved the statement must be signed by the Chairman of the Authority and the Chief Fire Officer. It forms part of the Annual Statement of Accounts.
2. The Statement is a statutory requirement of the Accounts and Audit Regulations 2015 that is produced by every Local Authority following a review of the existing governance arrangements against guidance. It includes an action plan to address governance areas for improvement.
3. The Annual Governance Statement for 2017/18 is attached in appendix 1 for Members' comment and consideration. The actions for further improvement are detailed in section 6 and an update on progress against actions from the year 2016/17 is in section 7.

BACKGROUND

4. Guidance on the production of the Annual Governance Statement is produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Executives and Senior Managers (SOLACE). This guidance was updated in 2016 in a publication called Delivering Good Governance in Local Government. Our governance arrangements have been reviewed in accordance with the guidance which has enabled the Statement to be produced.
5. The guidance sets out the following core principles that form the basis on which effective governance should be built:
 - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the entity's capacity including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability

OUTCOMES OF THE REVIEW

6. As a result of the review, the actions we plan to take to improve governance arrangements during 2017/8 are detailed in paragraph 6 and the improvements we have made since the last review in 2016/17 are in paragraph 7.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

7. In reviewing our existing governance arrangements and identifying areas to be improved within the next financial year, Hampshire Fire and Rescue Authority will remain accountable for making Hampshire a safer place to live and work and the Service will continue to fulfil its mission of making Hampshire safer.

CONSULTATION

8. Finance and Legal advice and input has been sought during the preparation of the Statement. Officers of the Service Executive Team and Heads of Service Team have been consulted. Our Internal Auditors have been provided with a draft copy.

RESOURCE IMPLICATIONS

9. There are no financial implications of the Statement itself. The action plan will be implemented within the existing resources within the Service.

LEGAL IMPLICATIONS

10. The Annual Governance Statement is a statutory requirement of the Fire Authority.

PEOPLE IMPACT ASSESSMENT

11. The proposals in this report are considered compatible with the provisions of equality and human rights legislation.

RISK ANALYSIS

12. The process of producing the Annual Governance Statement involves reviewing the effectiveness of a wide range of controls and measures that are indicators of the effectiveness of the Authority's framework for good corporate governance. This process therefore contributes to the Authority's risk management regime.
13. Failure to provide the statement would lead to a qualified opinion by our external auditors with inevitable damage to the Authority's reputation

RECOMMENDATION

14. That the Annual Governance Statement 2017/18 as set out in Appendix 1 is approved by Hampshire Fire and Rescue Authority for inclusion into the Statement of Accounts.

APPENDICES ATTACHED

15. Appendix 1 – Annual Governance Statement for Hampshire Fire and Rescue

BACKGROUND PAPERS

16. Delivering Good Governance in Local Government Framework – 2016 Edition
CIPFA and SOLACE

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ANNUAL GOVERNANCE STATEMENT

2017/2018

FOR

HAMPSHIRE FIRE AND RESCUE AUTHORITY

Annual Governance Statement for Hampshire Fire and Rescue Authority

1. Scope of Responsibility

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.

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

The governance framework comprises the systems and processes, and cultures and values, by which the Hampshire Fire and Rescue Service is directed and controlled and its activities through which it accounts to, engages with, and leads the community. 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.

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.

The governance framework was in place at Hampshire Fire and Rescue Authority for the year ending 31 March 2018 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 took a proactive approach in reviewing its governance arrangements during 2015/16 and has been operating under a new structure and arrangements for a year. The aim of the review was to ensure 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. The new shaped Authority, which comprises of 10 members, is more agile and already demonstrating more effective leadership. The Police and Crime Commissioner (PCC) attends Authority meetings and has the ability to speak on items on the agenda. The new structure and arrangements have resulted in a more strategic and business focus from the Authority with improved Member engagement and scrutiny.
- 3.1.2 The key policies that set out the scope of authority for Members and explain 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 staff are aware of their responsibilities within these policies. The Scheme of Delegation and Financial Regulations were reviewed as part of the Authority's Governance Review and combined into one single document, "The Constitution". The Authority approved The Constitution at their AGM in June 2017.
- 3.1.3 The organisation's values are embedded in our ways of working. These values are underpinned by the Leadership Framework and a range of policies and procedures including Codes of Conduct for Members which is included within The Constitution and for staff, 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 to oversee key areas such as performance, risk management, resilience and assurance, our people and physical assets (vehicles and estates). These boards provide extra scrutiny on behalf of the Chief Officer's Group and Executive, to which they report on a regular basis.
- 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 aim to be the best fire and rescue service in the country and 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 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 our website (save for individual items of a sensitive nature properly considered in confidential session). In addition, Authority meetings are live-streamed to enable staff and the public better access to view decision making.
- 3.2.3 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.
- 3.2.4 The Authority 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.
- 3.2.5 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. The process was quality assessed by the Consultation Institute and found to have conformed to best practice.
- 3.2.6 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 the 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 Senior Management and the Authority. A Service Plan refresh was carried during the year. The refresh, which was approved by the Authority, 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 assess the impact of projects to inform decision making. These include assessments of equality, health and safety, environmental and financial impacts.
- 3.3.5 Equality Impact Assessments (EIAs) are used to identify any significant impact on people, and in particular, those who share a characteristic which is protected under equality law. EIAs are carried out for any significant project, process or strategic decision.

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 and approved in February 2018. The review was carried out to ensure the risks on the register accurately reflect the current operational and organisation environment. The Authority approved 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. Both uphold the principles set out in the Leadership Framework. A Member Officer Protocol has been developed to provide clarification around the two roles. The Member Officer Protocol is included within The Constitution.
- 3.5.2 Members receive thorough induction training and attend regular 'awareness' sessions on current topics which are delivered during the year. The topics are decided by Members with support from officers to ensure that decision-making is based on knowledge and understanding of the issues involved. 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 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.
- 3.5.4 The Service has a People Strategy which describes what is required of our people and 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. The Service has also recently approved an Appointments and Promotions Policy to ensure clarity for staff over the process.
- 3.5.5 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.
- 3.5.6 A refreshed Performance Development Review Process provides a framework for staff and managers to meet to discuss and set goals. The system now focuses on individual contribution within a team approach with effective performance conversations at all levels. This is supported by the development of a culture of on-going coaching style conversations which focus upon high performance in all aspects of our work. Staff are held accountable 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.
- 3.5.7 A Corporate Shared Services Workforce Development Learning Brochure has recently been created to deliver a variety of development programmes, tools and resources to help leaders, managers and staff feel supported 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 Strategy, with oversight of the arrangements provided by the Risk, Resilience and Assurance Board, which reports to the Service Management Team.
- 3.6.2 Performance management is in place to measure progress against aims and priorities to prompt remedial action where appropriate. Our Service Performance 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 Service Management Team review our 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 Officer to account and receives regular performance reports at its public meetings. It is worthy of note that the internal management structure for the Service will be developed over the

following financial year to improve efficiency, effectiveness and improve 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 2017/18 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 Service Management Team, having previously been viewed by the Directors 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 his 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 Although financial management across the service continues to deliver effective results in what is essentially a low risk financial environment, there was a single project overspend in excess of £1m during 2017/18 that arose mainly due to lack of proper project management and appropriate escalation within the ICT transformation project. This overspend was investigated and transparently reported to Standards and Governance Committee and an action plan put in place to further strengthen financial management arrangements across the Service.
- 3.6.11 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 £3.4m by 2021/22, based on the best information available to it. The medium term financial plan is overseen and monitored by our Service Management Team and is regularly formally reported to the Authority at its public meetings.

3.6.12 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.

3.6.13 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 have been preparing for the new General Data Protection Regulations (GDPR) which come into effect in May 2018 and will be ensuring that all staff and Authority Members have appropriate awareness and training sessions.
- 4.3 Hampshire Fire and Rescue Authority prides itself on being a professional learning organisation that actively seeks challenge and review.
- 4.4 In November 2015, the Authority underwent the Local Government Association's (LGA) Fire Peer Challenge, as part of sector led improvement. In January 2017, the Peer Challenge team was invited back to the Service to review our progress in implementing the improvements to which it had committed.
- 4.5 In readiness for an inspection from Her Majesty's Inspectorate of Constabulary's and Fire and Rescue Services (HMICFRS), the Service have conducted a gap analysis to ensure we are prepared for inspection and learn from the outcomes.
- 4.6 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.
 - The LGA was used to help with the HFRA Governance Review.
 - Hampshire Safeguarding Board's review of our safeguarding arrangements.
 - An external independent review, facilitated through the NFCC, was conducted for its ICT Transformation Project.

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 2017/18 action plan to ensure continuous improvement of the system of corporate governance

The following actions have been identified to ensure continuous improvement and will be carried out over the next year.

- 6.1 The Service will review its consultation strategy as part of the planning stage of any new or existing piece of work.
- 6.2 The Service will 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 We will review the framework and arrangements that govern our Impact Assessments.
- 6.4 We will carry out an Authority Governance Review to ensure the changes implemented from June 2016 have resulted in a more efficient and effective Authority.
- 6.5 We will ensure that all of the recommendations contained in the action plan produced following the ICT project overspend are implemented.
- 6.6 We will ensure the Service is ready for the inspection programme being carried out by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and ensure we learn from the outcomes.
- 6.7 We will carry out a new Strategic Assessment to inform a new Service Plan.
- 7 There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored.**

In response to the Action Plan identified in the 2016-2017 Annual Governance Statement:-

- 7.1 The Risk, Resilience and Assurance Board has conducted a review of the risks on the Strategic Risk Register and has established a robust process for monitoring risks and mitigating controls. The Risk Resilience and Assurance Board reports to the Service Management Team.
- 7.2 The Service has employed a Data Protection Officer. Preparations have been made to ensure that the Service have controls in place to meet the requirements of the new General Data Protection Regulations which come into force in May 2018. Preparation includes the training of Authority Members and staff.
- 7.3 The Service has reviewed its Partnership Policy and framework. A draft has been approved by the Risk, Resilience and Assurance Board. Further approval will be sought from the Service Executive Team within the new governance arrangements for 2018/2019, after which it will be communicated to staff and implemented.
- 7.4 The Service has reviewed its procurement practices and Contracts Register to ensure they are effective and ensure value for money. The Service now has a comprehensive contracts register and pipeline database with regular

dashboards produced and reported. There have been increased levels of governance with reviews at significant milestones during procurement processes.

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 address the above matters 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 Officer

Date:

Signed:

Chairman

Date:

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AT A MEETING of the HFRA Standards and Governance Committee of
HAMPSHIRE COUNTY COUNCIL held at HFRS & Police HQ, Eastleigh, on
Thursday 8th March, 2018

Chairman:

* Councillor Luke Stubbs

* Councillor Roz Chadd

* Councillor Jonathan Glen

* Councillor Sharon Mintoff

* Councillor Roger Price

Councillor Rhydian Vaughan

*Present

Also present with the agreement of the Chairman: Councillor Chris Carter and
Councillor Geoff Hockley

25. **APOLOGIES FOR ABSENCE**

Apologies had been received for Cllr Vaughan.

26. **DECLARATIONS OF INTEREST**

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

27. **MINUTES OF PREVIOUS MEETING**

It was confirmed that the Fire Authority Chairman, Cllr Carter, had attended the previous meeting. The minutes of the last meeting were then agreed and signed by the Chairman.

28. **DEPUTATIONS**

There were no deputations for the meeting.

29. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's Announcements.

30. EXTERNAL AUDIT PLANNING REPORT

The Committee received the External Audit Planning Report and Letter, presented by Ernst and Young.

It was highlighted that the Risk Strategy could be found on page 15 of the Planning Report and 'risk of fraud in revenue and expenditure recognition' had been allocated a red rating due to being a newly added risk as part of the audit process. Value for Money was also summarised in Section 3 of the report on page 22 of the pack.

Committee was reminded that the closure of accounts was earlier this year, with sign-off required by the end of July.

RESOLVED:

The Standards and Governance Committee:

A) Received and considered the External Audit Plan for 2017/18

B) Noted the Annual Audit Letter for 2016/17

31. INTERNAL AUDIT CHARTER AND ANNUAL INTERNAL AUDIT PLAN 2018/19

The Committee considered a report from the Chief Internal Auditor regarding the Internal Audit Charter and Annual Internal Audit Plan for 2018/19, which highlighted proposed plans for the following year.

The report detailed the shared functions and partnership work alongside the County Council and Police as well as the systems specific to HFRS that had been developed through discussions with management and analysis of risk registers.

It was confirmed that work was being done to finalise the General Data Protection Regulation (GDPR) audit on Page 86 of the pack, as it was an area of change and high risks associated with the changes.

RESOLVED:

The Standards and Governance Committee approved the Internal Audit Charter for Hampshire Fire and Rescue Authority and the internal audit plan for 2018/19.

32. INTERNAL AUDIT PROGRESS REPORT 2017/18

The Committee received a report from the Chief Internal Auditor, which provided Committee with an overview of internal audit work and the status of 'live' reports.

It was confirmed that further progress had been made since the publication of reports and still continued on the reports listed in the Plan.

RESOLVED:

The Standards and Governance Committee noted the progress of internal audit work for the period ending January 2018.

**33. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS -
PROGRESS REPORT**

The Committee received a report from the Chief Internal Auditor, which provides an update on actions not yet completed within their target date and their status.

In the table on page 106 of the pack, members agreed that further justification for delays was necessary in order for the Committee to scrutinise effectively. Members were reassured that managers were confident in setting revised timescales for completion of projects and that the risks faced were not significant due to them being 'business as usual' actions. However, it was agreed that more detail would be provided to justify missed deadlines in future.

It was agreed in future, the Chairman of the Standards & Governance and Chairman of the Authority should be updated of progress in between meetings and informed of any potential slippage in timings.

RESOLVED:

A) The progress made towards the implementation of the internal audit management actions was noted and continues to be monitored.

B) That The Chairman of the Standards & Governance Committee and the Chairman of the Authority are kept up to date of potential slippages in management actions going forward, as detailed above.

34. LGPS - EMPLOYER DISCRETIONS POLICY

The Committee considered a report from the Treasurer regarding the employer discretions policy, of which Standards & Governance is the scheme manager.

The policy had been prepared for HFRA mirroring what was in place for HCC, apart from Part B (Optional Discretions), which states that consideration may be given to extending the standard 12 month period to transfer in previous pension rights into the LGPS up to a maximum of 24 months where there are extenuating circumstances, which were to be agreed by the Chief Finance Officer.

Such transfers would not happen automatically and so the process had improved with more accessible information online and factsheet that had also been prepared and sent out. It was confirmed that those aged 55 and over would remain to get automatic access to their pension.

RESOLVED:

A) The attached Employer Discretions Policy was approved

B) The Treasurer was given delegated authority to approve any minor amendments to the Employer Discretions Policy if required.

Chairman,

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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