

NOTICE OF MEETING

<i>Meeting</i>	HFRA Standards and Governance Committee	<i>Clerk to the Hampshire Fire and Rescue Authority</i> John Coughlan CBE
<i>Date and Time</i>	Thursday, 31st January, 2019 10.00 am	<i>The Castle, Winchester</i>
<i>Place</i>	Meeting Room B, Fire and Police HQ, Leigh Road, Eastleigh	<i>Hampshire SO23 8UJ</i>
<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 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

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

3 MINUTES OF THE PREVIOUS MEETING (Pages 3 - 8)

To confirm the minutes of the previous meeting.

4 DEPUTATIONS

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

5 CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6 EXTERNAL AUDIT PLANNING REPORT AND ANNUAL AUDIT LETTER (Pages 9 - 66)

To consider the External Audit Planning report for the year ended 31 March 2019 and the Annual Audit Letter, which provides the Committee with a summary of the Audit findings for the year 2017/18.

7 INTERNAL AUDIT PROGRESS REPORT 2018/19 (Pages 67 - 84)

To receive a report of the Chief Internal Auditor updating the Committee on the progress of internal audit work for the period ending January 2019.

8 INTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT (Pages 85 - 90)

To receive a report of the Chief Fire Officer providing an overview of the work to oversee the implementation of internal audit recommendations.

9 HMICFRS REPORT (Pages 91 - 142)

To receive a report of the Chief Fire Officer regarding the inspection of HFRS by Her Majesty's Inspectorate of Constabulary, Fire and Rescue Service.

10 INFORMATION SECURITY UPDATE (Pages 143 - 146)

To receive a report of the Chief Fire Officer providing an update on information security.

11 PHYSICAL DATA BREACH (Pages 147 - 150)

To receive a report of the Chief Fire Officer regarding a physical data breach.

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.

Agenda Item 3

AT A MEETING of the HFRA Standards and Governance Committee held at Fire and Police HQ, Eastleigh on Thursday, 26th July, 2018

Chairman:

* Councillor Liz Fairhurst

* Councillor Jonathan Glen

* Councillor Roger Price

* Councillor Geoffrey Hockley

* Councillor Sharon Mintoff

*Present

Also present with the agreement of the Chairman:
Councillor Chris Carter, Chairman of the Fire Authority
Maria Grindley and Adam Swain, Ernst and Young

35. APOLOGIES FOR ABSENCE

All Members were present and no apologies were noted.

36. 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.

37. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed and signed by the Vice Chairman, who was present at the previous meeting.

38. DEPUTATIONS

There were no deputations for this meeting.

39. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Maria Grindley and Adam Swain from Ernst and Young to the meeting.

40. **EXTERNAL AUDIT RESULTS REPORT 2017/18**

The Committee received the External Audit report (Item 6 in the Minute Book) on behalf of the Treasurer.

External Audit thanked officers for their hard work to meet the 31 July deadline this year and congratulated the Authority on getting everything ready for sign-off for the meeting. The 'significant' risks identified in the report were standard risks to be identified, but these had been tied off and there was nothing of concern.

In Section 4 of the report (Page 31 of the pack) one unadjusted difference had been listed in relation to the pension fund asset figure on the LGPS scheme, where the Authority's share of the pension fund asset had been understated by £195,000. It was explained that this was due to a difference between the December 2017 asset value estimate and March 2018 estimate, in which time the stock market value had changed. As both were estimates, this was purely a timing issue and not a concern that would need management going forward.

RESOLVED:

The Standards and Governance Committee received the External Auditor's HFRA Audit results Report for 2017/18.

41. **INTERNAL AUDIT PROGRESS REPORT 2017/18 & 2018/19**

The Committee considered a report from the Chief Internal Auditor (Item 7 in the Minute Book) regarding the Internal Audit progress report for 2017/18 and 2018/19. The paper gave Members an overview of internal audit work completed, as well as the status of 'live' reports.

It was confirmed that management actions that remained incomplete were in Section 4 of the progress report, starting on page 66 of the pack. It was confirmed that an audit review will remain on the list until all issues related to it have been completed. It was noted that some outstanding actions relate to external factors out of the control of management. Members felt that it would be helpful if narrative could be provided to explain why older issues remained in the table in case the item was looked at independently from the pack. This can be achieved by referencing to the report of the Chief Officer on the Implementation of Internal Audit Recommendations – progress report.

On Page 4 of the progress report, it was confirmed that 'Limited' referred to the category of the assurance opinion, and referred to significant weaknesses identified that could place the achievement of system objectives at risk. The Chief Fire Officer assured Members that it was important for weaknesses to be identified so that they could be rectified and that a new role, Director of Performance and Assurance, had been created specifically to focus on improving these areas. The Chief Internal Auditor was confident that the weaknesses identified would be managed effectively by Directors and their teams and that a good working relationship had been paramount in identifying risks in emerging systems at an early stage.

RESOLVED:

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

42. ANNUAL INTERNAL AUDIT REPORT AND OPINION 2017/18

The Committee considered a report from the Chief Internal Auditor (Item 8 in the Minute Book), which provided Members with an opinion on the adequacy and effectiveness of the Authority's framework of risk management, internal control and governance operated for the year ending 31 March 2018.

The report had been reformatted slightly to give justification for the 'limited' opinion from Audit. It was explained that audit work relating to both the shared services with Hampshire County Council and the Police (for example Human Resources and Facilities Management) and areas specific to HFRS were taken into account in forming the internal audit opinion. The chart on page 7 of the appendix (page 83 of the pack) showed a summary of the audit opinions given in each of these areas.

On page 9 of the appendix (page 85 of the pack) the key observations were listed where a limited assurance had been given. Members requested that updates on progress with these come back to Committee in three months time. Committee discussed the process with Disclosure and Barring Service (DBS) check and it was confirmed that whilst re-checks were not obligatory, it was in the policy to do so, and therefore important this was maintained. Officers agreed to review the policy around DBS checks and decide whether this was something that should go to CMT for a formal review.

RESOLVED:

a) The Standards and Governance committee accepted the Chief Internal Auditors annual report and opinion statement for 2017/18.

b) That an extraordinary Standards and Governance Committee meeting be arranged for October 2018 to review progress on areas given limited assurance by the Chief Internal Auditor.

c) Officers agreed to review the policy around DBS re-checking and decide whether it would need formal review at CMT going forward.

d) Officers would confirm which staff received a DBS check upon joining the Fire Authority and this information would be brought back to the next committee meeting in October 2018.

43. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS - PROGRESS REPORT

The Committee received a report from the Chief Fire Officer (Item 9 in the Minute Book), which provided Members with an overview of the work done to oversee

the implementation in internal audit recommendations and their respective actions.

It was confirmed that the report had been shortened to focus on areas of greatest risk and the new role focusing on performance and assurance would primarily concentrate on aligning the different assurance systems.

In the table on page 92 of the pack, it was confirmed that despite some deadlines being moved under 'Business Continuity', this was due to some areas not being completely tied off, and officers were content that the delay posed no risk. It was also confirmed that all training regarding budget management under 'Budgetary Control' had been completed by those who it applied to and was scheduled to run periodically as a refresher or to capture new employees. Further updates to these areas would be discussed at a proposed extraordinary Standards and Governance Committee meeting for October 2018.

RESOLVED:

- a) The progress made towards implementation of the internal audit management actions was noted and a direction of travel regarding the actions would be reported back at an extraordinary meeting proposed for October 2018.

44. **ANNUAL ACCOUNTS 2017/18**

The Committee considered the Annual Accounts for 2017/18, (Item 10 in the Minute Book) as reported by the Treasurer.

The draft Statement of Accounts were published by the statutory deadline of 31 May and then audited by Ernst and Young before being approved by the Standards & Governance Committee. There was one unadjusted difference regarding the two estimates, as discussed as part of the External Audit report (Item 6).

It was confirmed that the Annual Governance Statement (AGS) (Page 180 of the pack) had been amended slightly to reflect the Internal Audit Opinion and would be approved as part of the Statement of Accounts.

In paragraph 3.1.1 of the AGS (Page 181 of the pack) it was noted that reference to the Police and Crime Commissioner (PCC) attending meetings would be altered to reflect the changes made to the proposed consultation document for the Combined Fire Authority that went to the Full Authority meeting in June. This would mean the wording in paragraph 3.1.1 of the AGS being amended from "The Police and Crime Commissioner (PCC) attends Authority meetings..." to "Police and Crime Commissioner (PCC) 'can' take part in Authority meetings and has the ability to speak on items on the agenda..."

RESOLVED:

- a) The attached Statement of Accounts for 2017/18 were approved subject to the amendments to the Annual Governance Statement minuted above.

- b) The Treasurer was given delegated authority to approve any minor amendments to the Statement of Accounts as required.
- c) The Letter of Representations contain in Appendix 2 was considered and signed by the Committee

45. **ICT PROJECT - UPDATE ON FINANCIAL MANAGEMENT ACTION PLAN**

The Committee received a report from the treasurer (Item 11 in the Minute Book), which provided an update on the management action plan submitted in response to the internal audit reports on the ICT transformation project overspend and budgetary control.

It was confirmed that the relevant training had been put together and completed by all applicable staff. Information was also now available on the web, brought into a single pack and source of reference. The only remaining outstanding actions related to project management checking by the PMO to ensure that highlight reports were being completed appropriately, and this was to be included as part of the formal review process going forward. It was acknowledged that some actions would effect several systems and so work was being done to ensure everything came together.

The Committee recognised the amount of work done by officers to get processes in place and welcomed an update on progress at an extraordinary meeting in October 2018

RESOLVED

- a) The Standards and Governance Committee noted the update on the management actions detailed in Appendix 1.
- b) An update would be provided to Members at an extraordinary Standards and Governance Committee meeting proposed for October 2018.

46. **INFORMATION GOVERNANCE**

The Committee received a report from the Chief Fire Officer (Item 12 in the Minute Book), which provided an update of Information Governance in HFRA and progress towards preparing for the new General Data Protection Regulation (GDPR).

A revised report had been published and covered various data legislations including Freedom of Information (FOI) requests and data protection. There would be audits on GDPR going forward and so this was a new focus for officers alongside other data systems in place.

The officer summarised the report and confirmed that appropriate training would be provided for all staff, with Green Book staff and Station Managers and above having specialised training, as well Watch Manager level and below. Limited assurance had been given due to the Information Asset Register being a newly implemented system, but this was a new system that would be closely monitored and soon embedded as part of day-to-day workings.

Despite some concerns from Members regarding actions in the original report, it was confirmed that these were all in hand and had already been included as part of previous audit papers for discussion.

RESOLVED:

- a) The Standards and Governance Committee noted the performance in respect of Information Governance.

47. **FIRE PENSION BOARD ANNUAL REPORT**

The Committee received the annual Pension Board report from the Chief Finance Officer (Item 13 in the Minute Book) for noting.

At the start of the item, Cllr Price declared a non-pecuniary interest as a member on the Fire Pension Board.

The officer summarised the report and highlighted the increase in activity and monitoring around pensions since the 2015 scheme and subsequent changes, with different areas working well in partnership for a proactive approach. An Employer Pensions Manager had also been employed at Hampshire County Council to oversee pensions and the Fire Authority would also benefit from this appointment.

It was confirmed that three retired members of staff had not completed the declaration regarding the 30 year pension contribution holiday, but after several communications being sent, these were no longer being pursued.

It was acknowledged by Committee that the Fire Fighter Pension Scheme was very complicated with several Fire Services getting caught out by the changes in 2015, but many steps had been taken to ensure this would not happen again.

RESOLVED:

- a) The contents of the report were received and noted by the Standards and Governance Committee.

Chairman,



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Standards and Governance Committee

Purpose: Noted

Date: **31 January 2019**

Title: **EXTERNAL AUDIT PLANNING REPORT AND ANNUAL AUDIT LETTER**

Report of Chief Fire Officer

EXECUTIVE SUMMARY

1. Attached to this report, in **Appendix 1**, is the External Audit Planning report for the year ended March 31, 2019. Its purpose is to provide the Committee with a basis to review the proposed audit approach and scope for the 2018-19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that the audit is aligned to the Committee and Service's expectations.
2. The Plan sets out the proposed audit approach and scope of the work. It explains how key risks are assessed and outlines the planned audit strategy in response to those risks. It also reports the fee to be charged for this work.
3. The Annual Audit Letter in **Appendix 2** provides the Committee with a summary of the Audit findings for the year 2017/18. This has already been reported to the Committee, but this is the final formal letter issued by the External Auditors, who gave an unqualified opinion on the Authority's financial statements and concluded that it had put in place proper arrangements to secure value for money in the use of its resources.

BACKGROUND

4. The Plan details the proposed work to be undertaken by Ernst & Young for the audit of the financial statements and the conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness. It details how the Plan is developed using a risk-based approach to audit planning. It sets out the method used to gain assurance on key controls, and how reliance is placed on the work of internal audit.

5. The Plan explains that a conclusion on the Authority's arrangements to secure economy, efficiency, and effectiveness will be produced, and details the criteria upon which this will be based.
6. Appendix 1 provides members with details of the communications that must be provided to those charged with the governance of the Authority.
7. The fee for the audit will be £27,893 as set out in Appendix 1. This represents a 23% reduction on the audit fee charged last year following the re-procurement of external audit services for the 2018/19 financial year onwards.
8. Appendix 2 provides a final formal version of the annual audit opinion for 2017/18. This has already been reported to Standards and Governance Committee in July last year, but this version is also being submitted for completeness.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

9. Good financial management is essential to enable the Service to achieve its plans and priorities. The audit results report provides external confirmation around the quality and content of the final accounts and the overall financial resilience of the Authority.

CONSULTATION

10. No consultation is required for this report as it is a purely factual document. However, as the report states, one of its purposes is to explain the communications required with the Standards and Governance Committee.

RESOURCE IMPLICATIONS

11. There are no direct resource implications contained within this report, but appropriate financial resources have been made available to fund the estimated cost of the 2018/19 audit fee of £27,893.

LEGAL IMPLICATIONS

12. It is a legal requirement that the Statement of Accounts is approved by those charged with governance and is then independently signed off by external audit.

PEOPLE IMPACT ASSESSMENT

13. There are no direct impacts on people because of this report.

OPTIONS

14. This report deals with the audit plan and results report from the external auditor, there are therefore no options for consideration in this report.

RISK ANALYSIS

15. Areas of risk are identified by the auditor as part of the planning process and examination of these areas form part of the formal audit and the results are reported in Appendix 1.
16. Page 5 of the Plan highlights the risk areas that will be examined, most of which are the same as in previous years. There is however an extra risk this year associated with two new Accounting Standards in respect of financial instruments and revenue from contracts, neither of which is expected to have a significant impact on the Authority.

RECOMMENDATIONS

That the Standards and Governance Committee:

17. Receives and considers the External Audit Plan for 2018/19 and considers any recommendations for the Full Authority.
18. Notes the Annual Audit Letter for 2017/18.

APPENDICES ATTACHED

Appendix 1 – Hampshire Fire and Rescue Authority Audit planning report 2018/19

Appendix 2 - Hampshire Fire and Rescue Authority Annual Audit Letter for the year ended 31 March 2018

BACKGROUND DOCUMENTS

None

Contact:

Rob Carr, *Chief Finance Officer*, Rob.Carr@hants.gov.uk, 01962 847508

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Hampshire Fire and
Rescue Authority
Audit planning report
Year ended 31 March 2019

January 2019



Private and Confidential
Standards and Governance
Committee
Hampshire Fire & Rescue
Authority
Headquarters
Leigh Road
Eastleigh
SO50 9SJ

4 January 2019

Dear Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Standards and Governance Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

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

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

We welcome the opportunity to discuss this report with you on 31st January 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Maria Grindley
Associate Partner
For and on behalf of Ernst & Young LLP

Contents

01	Overview of our 2018/19 audit strategy	02	Audit risks	03	Value for Money Risks	04	Audit materiality	05	Scope of our audit
									
	06	Audit team	07	Audit timeline	08	Independence	09	Appendices	

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

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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



Page 16

01

Overview of our 2018/19 audit strategy



Overview of our 2018/19 audit strategy

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

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud and significant risk	No change in risk of focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Valuation of Land and Buildings	Inherent risk	No change in risk or focus.	The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
Pension Liability Valuation	Inherent Risk	No change in risk of focus	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the County Council. The Authority's pension fund asset is a material estimated balance and the Code requires that this asset be disclosed on the Authority's balance sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.
New Accounting Standards	Inherent risk	New risk identified this year.	IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts) apply from 1 April 2018. We will assess the impact of these new standards to determine whether they have been appropriately implemented by the Authority.

Overview of our 2018/19 audit strategy

Materiality



Audit scope

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

- our audit opinion on whether the financial statements of Hampshire Fire and Rescue Authority give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness;

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

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

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

- strategic, operational and financial risks relevant to the financial statements;
- developments in financial reporting and auditing standards;
- the quality of systems and processes;
- changes in the business and regulatory environment; and,
- management's views on all of the above.

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

We will provide an update to the Standards and Governance Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in July 2019.



Page 19

02 Audit risks



Our response to significant risks (continued)

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

<p>Misstatements due to fraud or error</p> <p>Page 20</p> <p>Financial statement impact</p>	<p>What is the risk?</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>What will we do?</p> <ul style="list-style-type: none"> • Inquiry of management about risks of fraud and the controls put in place to address those risks. • Understanding the oversight given by those charged with governance of management’s processes over fraud. • Consideration of the effectiveness of management’s controls designed to address the risk of fraud. <p>Performing mandatory procedures regardless of specifically identified fraud risks, including:</p> <ul style="list-style-type: none"> • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements • Assessing accounting estimates for evidence of management bias, and • Evaluating the business rationale for significant unusual transactions. <p>Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that no such procedures are required.</p>
<p>Misstatements that occur in relation to the risk of fraud due to management override could affect a number of areas of the financial statements.</p>		

Other areas of audit focus

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

What is the risk/area of focus?

Valuation of Land and Buildings

The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Authority's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet..

What will we do?

We will:

- Consider the work performed by the Authority's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2018-19 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test that accounting entries have been correctly processed in the financial statements.

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme (LGPS) administered by Hampshire County Council. The Authority must also do similar in respect of the Firefighters Pension Fund. The Firefighters pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the respective balance sheet. At 31 March 2018 this totalled £736.7 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the County Council and also the Firefighters Pension Fund. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

We will:

- Liaise with the auditors of Hampshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Hampshire Fire & Rescue LGPS members;
- Assess the work of the Pension Fund actuary (Aon Hewitt) and the Firefighters pension actuary (also Aon Hewitt) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

Other areas of audit focus

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

What is the risk/area of focus?	What will we do?
<p>New Accounting standards</p> <p><u>IFRS 9 financial instruments</u></p> <p>This new accounting standard is applicable for the authority's accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets are calculated; and • The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard; and the 2018/19 CIPFA Code of Practice on Local Authority accounting provides guidance on the application of IFRS 9.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Assess the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19; • Consider whether relevant assets have been appropriately classified and valued; • Review new expected credit loss model impairment calculations for assets; and • Ensure that, subject to materiality, additional disclosure requirements have been met.
<p><u>IFRS 15 Revenue from contracts with customers</u></p> <p>This new accounting standard is applicable for authority's accounts from the 2018/19 financial year.</p> <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>The 2018/19 CIPFA Code of Practice on Local Authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.</p> <p>The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Assess the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19; • Consider application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and • Ensure that, subject to materiality, additional disclosure requirements have been met.



03

Value for Money Risks



Value for money risks

Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Page 24
- Take informed decisions;
 - Deploy resources in a sustainable manner; and
 - Work with partners and other third parties.

When considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public."

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2018/19 this has included consideration of the steps taken by the Authority to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Authorities will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of no significant risks which we view as relevant to our value for money conclusion.



04

Audit materiality

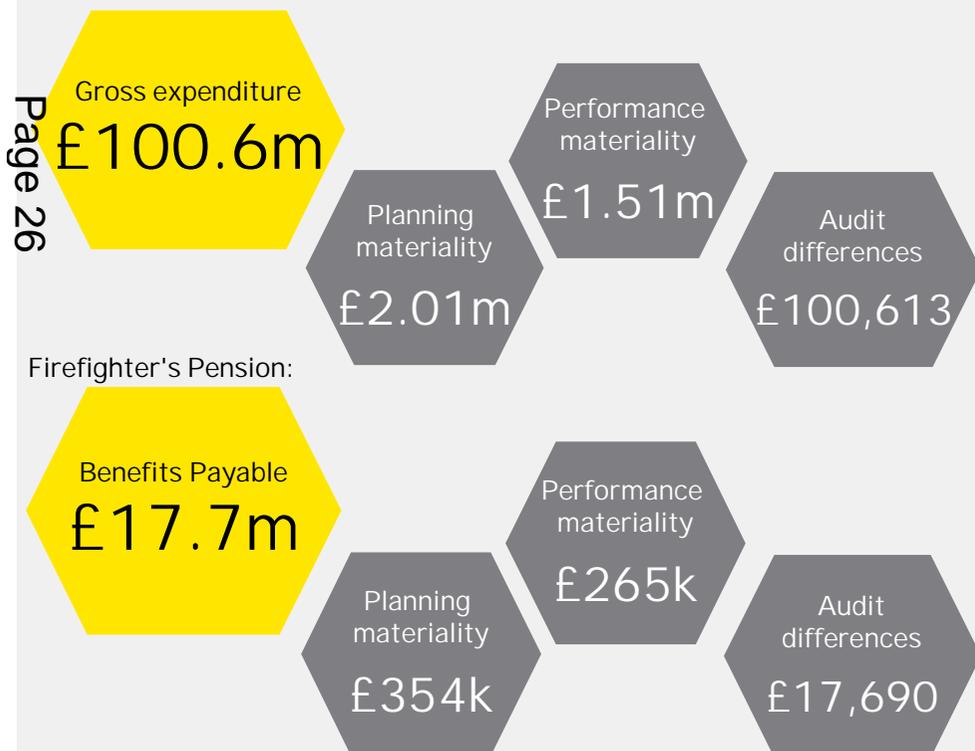


Materiality

Materiality

For planning purposes, materiality for 2018-19 has been set at £2.01m and £354k for the pension fund. This represents 2% of the Authority's gross expenditure and benefits payable respectively. It will be reassessed throughout the audit process and once the draft 2018-19 statements have been prepared. This is based on the rationale that's public sector organisation do not have a focus on earnings profits. We consider industry factors, and using gross revenue expenditure is the industry norm.

Main Statements:



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

Key definitions

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

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.51m for the primary statements and £265k for the Firefighters pension which represents 75% of planning materiality. We apply 75% when it is not an initial audit and we have a sound understanding of the entity and past experience with the engagement indicates that a higher risk of misstatement is unlikely.

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

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



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

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

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

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

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

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

Analytics:

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

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

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

Internal audit:

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



06

Audit team



Audit team

Audit team structure:

Maria Grindley*
Associate Partner

Martin Young
Manager

Jack Dunkley
Assistant Manager

Maria Davison
Senior

Property
Valuation Team

Pension
Specialist

EY Real Estate
Specialists as
required

EY Actuaries

Working together with the Authority

We are working together with officers to identify continuing improvements in communication and processes for the 2018/19 audit.

We will continue to keep our audit approach under review to streamline it where possible.

* Key Audit Partner

Use of specialists

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

Area	Specialists
Pension valuation	Management Specialist – AoN Hewitt. EY Specialist - EY actuaries
PPE valuation	Management Specialist - Management’s in-house valuation experts. EY Specialist - EY real estates will be used if our risk assessment of the PPE procedures deem this appropriate.

Page 20

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

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

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



07 Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19.

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

Audit phase	Timetable	Committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	November		
Walkthrough of key systems and processes	November - December		
Testing of routine processes and controls	December		
	January	Standards and Governance Committee	Audit Planning Report
Testing of routine processes and controls	February		
FAIT IT Systems Testing visit 1	February		
Interim audit testing	February - March		
FAIT IT Systems Testing visit 2	April		
Year end audit Audit Completion procedures	June/July	Standards and Governance Committee	Audit Results Report Audit opinions and completion certificates
Year end audit Audit Completion procedures	July - August	Standards and Governance Committee	Annual Audit Letter

Page 34



08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

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

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

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

Relationships, services and related threats and safeguards

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

Overall Assessment

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

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, there are no non-audit fees associated with Hampshire. No additional safeguards are required.

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

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

Self review threats

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

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

Management threats

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

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

Relationships, services and related threats and safeguards

Other threats

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

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

Other communications

EY Transparency Report 2019

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Ynst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>



09

Appendices



Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2018-19 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2018/19	Final Fee 2017/18
	£	£
Total Fee	27,893*	36,225
Total audit	27,893*	36,225

All fees exclude VAT

*PSAA has set the 2018/19 fee scale on the basis that individual scale audit fees for all opted-in bodies have been reduced by 23 per cent from the fees applicable for 2017/18. This gives opted-in bodies the benefit of the cost savings achieved in the recent audit procurement,

The agreed fee presented is based on the following assumptions:

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

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

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

Page 40

Appendix B

Required communications with the Standards and Governance committee

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

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Standards and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report – January 19
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report – July 19

Appendix B

Required communications with the Standards and Governance committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Page 42	Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report – July 19
	Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report – July 19
	Fraud	<ul style="list-style-type: none"> • Enquiries of the Standards and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report – July 19
	Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report – July 19

Required communications with the Standards and Governance committee(continued)

Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>For public interest entities and listed companies, communication of minimum requirements as detailed in FRC's Ethical Standard 2016 (revised):</p> <ul style="list-style-type: none"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit • Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy • Details of any contingent fee arrangements for non-audit services • Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard • The Standards and Governance Committee should also be provided an opportunity to discuss matters affecting auditor independence 	<p>Audit planning report – Jan 19</p> <p>and</p> <p>Audit results report – July 19</p>

Appendix B

Required communications with the Standards and Governance committee(continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report – July 19	
Consideration of laws and regulations	<ul style="list-style-type: none"> Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off Enquiry of the Standards and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Standards and governance committee may be aware of 	Audit results report – July 19	
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Audit results report – July 19	
Representations	Written representations we are requesting from management and/or those charged with governance	Assurance Letter – to be requested March 19 with response by May 19	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – July 19	
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit results report – July 19	

Additional audit information

Other required procedures during the course of the audit

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

Our responsibilities required by auditing standards

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

Additional audit information (continued)

Purpose and evaluation of materiality

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

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

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

Hampshire Fire and
Rescue Authority
Annual Audit Letter for the year
ended 31 March 2018

August 2018

Page 47

Contents

01

Executive
Summary



03

Financial Statement
Audit



05

Other Reporting
Issues



02

Purpose and
Responsibilities



04

Value for
Money



06

Focused on
your future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated 23 February 2017)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary



Executive Summary

We are required to issue an annual audit letter to Hampshire Fire and Rescue Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2018.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's:	Unqualified - the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	We had no matters to report.

Executive Summary (continued)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 16 July 2018.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 26 July 2018.

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Page 5

Maria Grindley

Associate Partner

For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2017/18 Audit Results Report to the 26 July 2018 Standards and Governance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.

Responsibilities of the Appointed Auditor

Our 2017/18 audit work has been undertaken in accordance with the Audit Plan that we issued on 1 February 2018 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

▶ Expressing an opinion:

- ▶ On the 2017/18 financial statements; and
- ▶ On the consistency of other information published with the financial statements.

Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.

Reporting by exception:

- ▶ If the annual governance statement is misleading or not consistent with our understanding of the Authority;
- ▶ Any significant matters that are in the public interest;
- ▶ Any written recommendations to the Authority, which should be copied to the Secretary of State; and
- ▶ If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on you Whole of Government Accounts return. The Authority is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit

Key Issues

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Authority's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 26 July 2018.

Our detailed findings were reported to the 26 July 2018 Standards and Governance Committee.

The key issues identified as part of our audit were as follows:

Significant Risk

Misstatements due to fraud or error

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have considered the risk of management override and the areas of the financial statements that may be most susceptible to this risk. We have concluded that the judgements we are focused on are items of non-routine income and expenditure, involving management estimation and judgement, rather than transactions created through routine invoicing processes.

As this relates to how the Authority recognises revenue and expenditure, we have addressed the risk through our procedures to address the risk of fraud in revenue and expenditure recognition.

Our work on the risk of management override therefore focussed on reviewing manual journal entries, through the use of our data analytics tools, as this is the way in management would most easily be able to manipulate accounting records.

Work completed and Conclusion

We addressed the residual risk of management override through the following procedures:

- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;
- We reviewed accounting estimates for evidence of management bias (as noted above relating to revenue and expenditure recognition); and
- We evaluated the business rationale for any significant unusual transactions.

We did not identify any material weaknesses in controls or evidence of material management override. We did not identify any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

Financial Statement Audit (continued)

The key issues identified as part of our audit were as follows: (continued)

Significant Risk	Conclusion
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>The risk in local government resides in areas in which management judgements are made and transactions not subject to routine based system controls. As such we attach the risk of revenue recognition to the judgements made in recognising capital expenditure and the subsequent capital financing transactions.</p> <p>The risk is focused on significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given our understanding of the entity and its environment and other information obtained during the audit.</p> <p>We have identified the following unusual transactions which we consider to present a risk of revenue and expenditure recognition:</p> <ul style="list-style-type: none"> • Minimum Revenue Provision (MRP); • Capital Financing Requirement (CFR); • Revenue and Expenditure Funded from Capital Under Statute (REFCUS); and • Property, Plant and Equipment (PPE) additions. 	<p>We addressed the residual risk of management override through the following procedures:</p> <ul style="list-style-type: none"> • Engaged with management to understand the overall financial position; • Examined data that supports significant additions and disposals during the period; • Reviewed the schedule of expenditure classified as Revenue Expenditure Funded by Capital Under Statute (REFCUS); • Ensured the calculation of the Capital Financing Requirement is compliant with the Code. • Ensured additions and disposals tested in PPE are internally consistent with the capital financing disclosure; and • Reviewed and discussed with management any accounting estimates on revenue recognition for evidence of bias. <p>Our testing did not identify any material misstatements from revenue and expenditure recognition.</p> <p>Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.</p>



Financial Statement Audit (continued)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £2.012m (2017: £2.006m), which is 2% of gross revenue expenditure reported in the accounts.</p> <p>We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.</p>
Reporting threshold	<p>We agreed with the Standards and Governance Committee that we would report to the Committee all audit differences in excess of £0.1m (2017: £0.098m)</p>

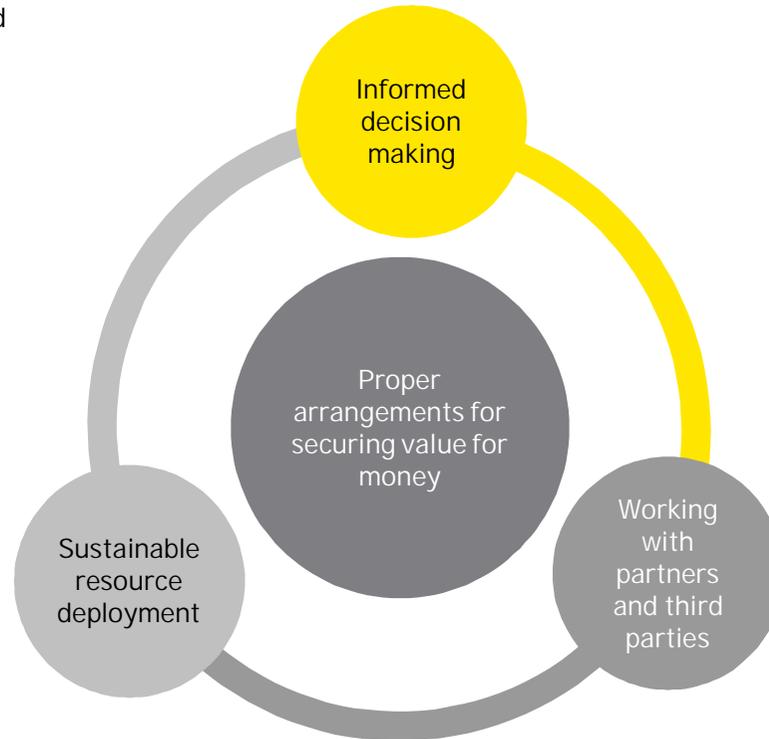


04 Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Authority's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Authority for Whole of Government Accounts purposes. The Authority is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2017/18 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Standards and Governance Committee on 26 July 2018. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Other Reporting Issues (continued)

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Standards and Governance Committee.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Authority is summarised in the table below.

Standard	Issue	Impact
IFRS 9 Financial Instruments	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets are calculated; and • The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard and the 2018/19 Accounting Code of Practice for Local Authorities has now been issued, providing guidance on the application of IFRS 9. In advance of the Guidance Notes being issued, CIPFA have issued some provisional information providing detail on the impact on local authority accounting of IFRS 9, however the key outstanding issue is whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although the Code has now been issued, providing guidance on the application of the standard, along with other provisional information issued by CIPFA on the approach to adopting IFRS 9, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Authority will have to:</p> <ul style="list-style-type: none"> • Reclassify existing financial instrument assets • Re-measure and recalculate potential impairments of those assets; and • Prepare additional disclosure notes for material items.
IFRS 15 Revenue from Contracts with Customers	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> • Leases; • Financial instruments; • Insurance contracts; and • For local authorities; Council Tax and NDR income. <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>Now that the 2018/19 Accounting Code of Practice for Local Authorities has been issued it is becoming clear what the impact on local authority accounting will be. As the vast majority of revenue streams of Local Authorities fall outside the scope of IFRS 15, the impact of this standard is likely to be limited.</p>	<p>As with IFRS 9, some provisional information on the approach to adopting IFRS 15 has been issued by CIPFA in advance of the Guidance Notes. Now that the Code has been issued, initial views have been confirmed; that due to the revenue streams of Local Authorities the impact of this standard is likely to be limited.</p> <p>The standard is far more likely to impact on Local Authority Trading Companies who will have material revenue streams arising from contracts with customers. The Authority will need to consider the impact of this on their own group accounts when that trading company is consolidated.</p>



Focused on your future (continued)

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Authority will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Authority must therefore ensure that all lease arrangements are fully documented.</p>

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ED None

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**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Standards and Governance Committee

Purpose: Noted

Date: 31 January 2019

Title: **INTERNAL AUDIT PROGRESS REPORT 2018/19**

Report of the Chief Internal Auditor

SUMMARY

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

BACKGROUND

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

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

3. In accordance with proper internal audit practices and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Standards and Governance Committee, summarising:
 - the status of 'live' internal audit reports;
 - an update on progress against the annual audit plan;
 - a summary of internal audit performance, planning and resourcing issues; and
 - a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.
4. The attached report summarises the activities of internal audit for the period ending January 2019.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

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

RESOURCE IMPLICATIONS

6. The 2018/19 plan was prepared on the basis of audit need and agreed with senior managers and endorsed by Hampshire Fire and Rescue Authority, following comprehensive risk assessment. The cost is reflected in the Authority's budget.
7. The audit plan will remain fluid to enable us to react to the changing needs of Hampshire Fire and Rescue Authority.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMEN

8. Proposals have no environmental or sustainability impacts.

LEGAL IMPLICATIONS

9. None

EQUALITY IMPACT ASSESSMENT

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

RISK ANALYSIS

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

CONCLUSION

12. The appendix outlines the progress made in delivering the internal audit plan for 2018/19 and the issues arising to date. The plan remains on schedule for completion to enable the annual internal audit opinion to be provided to support the Annual Governance Statement.

RECOMMENDATION

13. That the progress in delivering the internal audit plan for 2018/19 and the outcomes to date be noted by Hampshire Fire and Rescue Authority Standards and Governance Committee.

APPENDICES ATTACHED

14. Appendix A - Internal audit progress report 2018/19.

Contact: Karen Shaw, Chief Internal Auditor
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Internal Audit Progress Report

January 2019

Hampshire Fire and Rescue Authority



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Status of 'live' reports	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	8
6.	Planning and resourcing	9
7.	Rolling work programme	10

1. Role of Internal Audit

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

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

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

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

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

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

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

2. Purpose of report

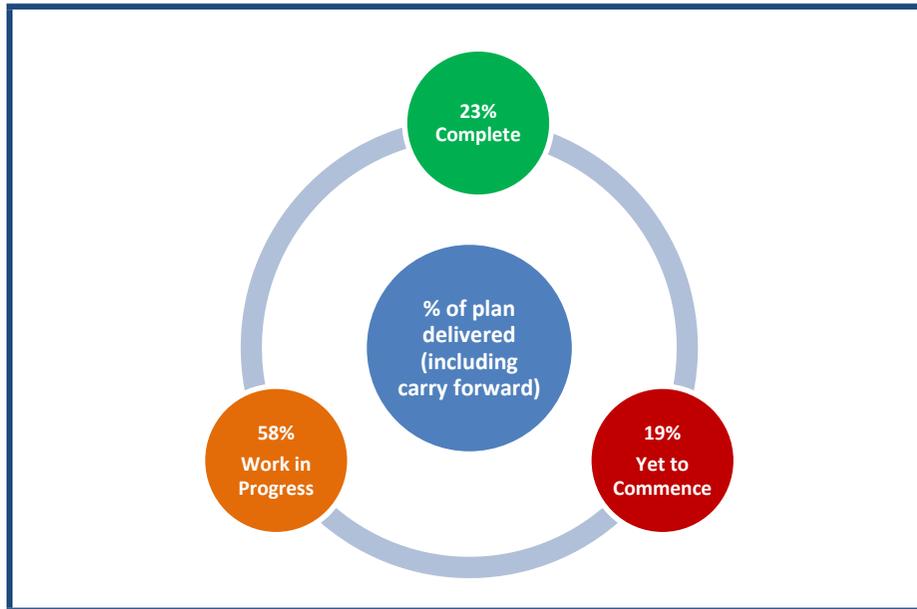
In accordance with proper internal audit practices (Public Sector Internal Audit Standards) and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to Senior Management and the Board, summarising:

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

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

Substantial	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives.

3. Performance dashboard



Page 75

Compliance with Public Sector Internal Audit Standards / Local Government Application Note	
	<p>An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:</p> <p><i>'It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to all of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).</i></p>

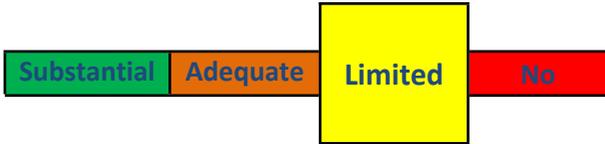
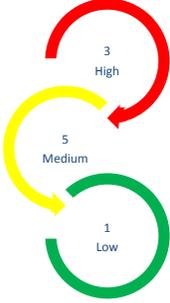
4. Status of 'Live' Reports and reports closed since our last progress report

Audit Review	Report Date	Audit Sponsor	SMT Sponsor	Assurance Opinion	Management Actions ('High Priority')				
					Reported	Not Accepted	Pending	Cleared	Overdue
2014/15									
Partnerships and associated contracts (SCAS)	14.8.15	D o PS		Adequate	6(1)	0(0)	0(0)	6(1)	0(0)
2015/16									
Business continuity	7.6.16	D o PS	H o KM	Limited	12(3)	0(0)	0(0)	7(3)	5(0)
2016/17									
Procurement processes	22.6.17	D o PS	H o PA	Limited	9(3)	0(0)	0(0)	9(2)	0(1)
Procurement of operational equipment and vehicles	22.6.17	D o PS	H o PA	Limited – operational equipment Adequate - vehicles	10(0)	0(0)	0(0)	10(0)	(0)
2017/18									
Implementation of savings plan	29.03.18	H o F	Lead Finance BP	Adequate	5(1)	0(0)	(0)	5(1)	0(0)

Safeguarding*	15.06.18	D o CS and R	H o CS	Limited	17(11)	0(0)	0(0)	11(5)	*6(6)
Budget monitoring and financial controls	25.04.18	H o F	D o PS	Limited	38(0)	0(0)	0(0)	38(0)	0(0)
2018/19									
Contract management	10.01.19	Chief of Staff	CFO	Limited	9(3)	0(0)	9(3)	0(0)	0(0)

*Note: Target date for all open actions has been extended to 31 March 2019

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

<p>Contract Management</p> <p>Audit Sponsor: Neil Odin, Chief Fire Officer</p> <p>Key Contacts: Matt Robertson, Chief of Staff</p>		
<p>Assurance opinion:</p> 	<p>Management Actions:</p> 	
<p>Summary of key observations:</p> <p>Contracts may be procured via the Strategic Procurement Team (Shared Services) or locally, depending on value, and the requirements are clearly laid out in HFRS Standing Orders.</p> <p>Whilst the Strategic Procurement Team maintain a contracts dashboard of all contracts procured through them on behalf of HFRS, there is currently no contract register in place to record details of the contracts procured directly by HFRS. Reliance is therefore placed on the contract leads to monitor delivery of the contract as well as to anticipate the need to commence re-procurement activity. This limits the opportunity for strategic oversight and therefore resource planning.</p> <p>We also found the following issues that may affect the value obtained from each contract:</p> <ul style="list-style-type: none"> • Job descriptions do not consistently detail contract management responsibilities for staff who have been identified as contract leads and as a result the expectations of the role are not always clear. • There is no training in place to support contract leads in discharging their responsibilities and this has affected the consistency and robustness of contract management activity. 		

- Although contract leads have meetings with suppliers regarding the contracts in place we found that the approach to performance monitoring and management is inconsistent.

6. Planning & Resourcing

The internal audit plan for 2018/2019 was approved by the Hampshire Fire and Rescue Service Management Team and the Standards and Governance Committee in March 2018.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of Hampshire Fire and Rescue Authority. Progress against the plan is detailed within section 7. Four days have been moved from the management allocation to enable follow up work to be undertaken on the budgetary control and safeguarding reviews carried out in 2017/18. Additional work has been undertaken on a special investigation.

Following discussions with the Head of ICT, the Network and Communications review has been removed from the plan and replaced with an audit of IT Security.

7. Rolling Work Programme

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Shared services audit plan 2017/18										
Statutory Checks			✓	✓	✓	✓	02.11.18	Limited		
Audit Plan 2018/19										
Contract Management	Chief of Staff	CFO	✓	✓	✓	✓	10.01.19	Limited		
Resource Management	D of HR	HR Business Partner	✓	✓	✓	✓			✓	
Data Quality	D of P&A	H of P	✓						✓	Q4
GDPR	D of P&A	H of P	✓						✓	Q4
Special Investigation	D of P&A	H of P	✓	✓	✓	✓	Completed	N/A		
Proactive Fraud	D of P&A	H of P	✓	✓	✓				✓	
NFI	D of P&A	H of P	N/A	N/A	N/A	N/A	N/A	N/A		

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule R Delay)	Comment
Firewatch	D of P&A	H of P								Removed from plan
IT Strategy, Management & Governance	D of P&A	H of P							✓	Q4
Business Continuity (IT)	D of P&A	H of ICT	✓	✓	✓	✓			✓	
Networks & Communications	D of P&A	H of ICT								Removed from plan
Follow up	D of P&A	H of P							✓	
IT Security	D of P&A	H of ICT							✓	Q4
Shared services audit plan 2018/19										
Payroll			✓	✓	✓				✓	
Order to Cash (OTC)			✓	✓	✓				✓	
Purchase to pay (P2P)			✓	✓	✓				✓	

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Treasury Management										Audit deferred
Debt Collection			✓	✓					✓	
Governance arrangements			✓	✓	✓	✓	30.10.18	Adequate		
ICT – User Access			✓	✓	✓				✓	
Recruitment & Induction									✓	Q4
Workforce Development			✓	✓	✓	✓			✓	
Ill Health Retirement & Death in Service			✓	✓					✓	
Sick Pay			✓	✓	✓				✓	
IR35										Audit deferred
Occupational Health										Clinical review

Audit Review	Audit Sponsor	SMT Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ↻ Delay)	Comment
Category Management									Audit deferred	
Procurement			✓	✓	✓				✓	
Master Data Team			✓						✓	

Key to abbreviations:	
CFO	Chief Fire Officer
H of F	Head of Finance
H o ICT	Head of ICT
D of P&A	Director of Performance and Assurance
H of P	Head of Performance
HR Business Partner	Human Resources Business Partner
N/A	Not applicable

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**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Standards and Governance Committee

Purpose: Noted

Date: **31 January 2019**

Title: **INTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT**

Report of Chief Fire Officer

SUMMARY

1. This report provides the Standards and Governance Committee with an overview of the work we do to oversee the implementation of internal audit recommendations and their respective actions.
2. It provides an update on those actions that have not been completed within their target date and their status.
3. The Standards and Governance Committee has a key scrutiny role in monitoring the implementation of internal actions.

BACKGROUND

4. The internal audit follow-up process is an important element in our overall approach to risk management and governance. When an action is agreed by managers to address a control weakness, or to make an improvement to the way we work, it is important that the action is then implemented as planned.
5. The internal audit service is provided to the Authority by Southern Internal Audit Partnership (SIAP) at Hampshire County Council. There is an Internal Audit Charter that has been in place since 2014. This, and the Internal Audit Plan, are reviewed and updated annually to reflect changing organisational priorities and needs.
6. The Performance Team maintains a record of audits against the current Internal Audit Plan, noting whether they are in progress or have been completed. The respective managers are responsible for the delivery of actions that fall within their areas of responsibility.

7. Once a final audit report has been issued, the agreed management actions are recorded along with:
 - the priority of the recommendation
 - the target date for implementation
 - the person responsible for the action
8. The Performance Team will ask for confirmation and evidence that an action has been implemented, or if not, when it is expected to be. The response is recorded. Any recommendations that continue to remain outstanding are referred to the relevant Director. Our internal Performance and Assurance Board now keeps an overview of outstanding recommendations.
9. Performance of the implementation of audit recommendations has improved. We do however recognise the need to make further improvements in the speed with which we progress the individual audits at times. We are committed to this and the internal Performance and Assurance Board oversees progress.
10. The table below lists those recommendations that are currently outstanding beyond their agreed target date and of medium (M) or high (H) priority. There is a brief commentary against each to explain the status and any mitigating factors.

Internal Audit Management Actions			
Audit Plan year 2017/18			
Safeguarding			
Undertake a full review of the level of Disclosure and Barring Service (DBS) checks and Barred List checks to be undertaken for each role within Hampshire Fire and Rescue Service.	October 2018 revised to March 2019	H	Subsequent to the audit outcome a wider piece of work has been started to look at DBS checking across HCC and Hampshire Fire and Rescue Service. As part of this project we are reviewing ALL roles within HFRS to determine whether or not they should be DBS checked and, if so, at what level. The legislation that governs DBS checking is complex and it has been necessary for us to seek legal advice on a number of areas that are unclear.
Undertake a full review of the re-checking process and timeframes for each role within Hampshire Fire and Rescue Service.	July 2018 revised to March 2019	H	
Analyse and interrogate the data used to report on the dates and levels of checks recorded against each officer to check for accuracy.	September 2018 revised to March 2019	H	The result of this piece of work will be that the correct level of DBS check will be recorded against ALL position numbers in Hampshire Fire and Rescue Service. This will then identify any gaps where either a check has not been completed, that it has been completed but not recorded, or that it has been completed at the incorrect level, and this will be rectified. The target date for completing any outstanding checks and ensuring these are recorded is 31 March 2019. We aim to identify any gaps by 31 December 2018.
Information Governance			
Information Governance (IG) Policy	July 2018	M	As mentioned at the last Standards and Governance Committee meeting, a policy is written and will be published. The IG policy is incorporated within the Governance and Compliance Policy Statement which is complete and will be published in line with a new process being implemented across the Service.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

11. Implementation of internal audit recommendations assists the Authority in the improvement planning process, performance management framework, and in compliance with its governance arrangements. This in turn, assists

the Authority in achieving its aim to be the best fire and rescue service in the country.

COLLABORATION

12. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.

RESOURCE IMPLICATIONS

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

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

15. There are no anticipated positive or negative impacts to the environment or sustainability arising from this report.

LEGAL IMPLICATIONS

16. There are no legal implications arising from this report

EQUALITY IMPACT ASSESSMENT

17. The contents of this report are considered compatible with the provisions of equality and human rights legislation.

OPTIONS

18. The options are to note the progress towards completion of the internal audit recommendations or to not note the progress. Noting the progress will ensure that HFRA receive assurance on the Service's performance regarding compliance with control mechanisms to reduce risk and are able to scrutinise the Service on behalf of Hampshire's communities.

RISK ANALYSIS

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

CONCLUSION

20. In 2017/18, 5 out of 9 audits were deemed 'limited assurance' and therefore making our overall audit opinion poor. In recognition of this, our teams have

worked hard to ensure actions have been taken to rectify areas in need of improvement. These audits are an integral part of our management of risk, and successfully implemented improvement actions have strengthened our Service.

RECOMMENDATION

21. That the progress made towards the implementation of the internal audit management actions is noted by Hampshire Fire and Rescue Authority Standards and Governance Committee.

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Standards and Governance Committee

Purpose: Noted

Date: **31 January 2019**

Title: **HMICFRS REPORT**

Report of Chief Fire Officer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

SUMMARY

1. Her Majesty's Inspectorate of Constabulary, Fire and Rescue Service (hereafter HMI) inspected Hampshire Fire and Rescue Service (HFRS) in July 2018. The final report was published on 14 December 2018.
2. Using its judgement criteria, HMI concluded that HFRS is a good service; HFRS is good at effectively understanding risks within its community, good at efficiently managing its resources and requires improvement in how it looks after its people.
3. Under the Fire and Rescue National Framework for England, HFRS is required to respond to HMI's recommendations and identified areas for improvement with an action plan within 56 working days of the receipt of the report. This report recommends that the Fire and Rescue Authority note the contents of the HMI Report and the proposed creation of the Service Action Plan. The HMI Report and our Service Action Plan will be available to public scrutiny.

BACKGROUND

4. HFRS was inspected by HMI in Tranche 1 and was the first Service to undergo inspection (outside of the HMI pilot). The purpose of inspection was for HMI to independently measure and assess each Service's performance, specifically in the context of effectively protecting the public, efficiently managing organisational resource and how it looks after its people.
5. The inspection process was thorough. After a discovery phase; where data and documentation were shared with HMI to benchmark the Service and gain an initial understanding, HMI commenced fieldwork, sampling and testing information. This enabled the inspecting team to collect evidence by speaking to as many members of different staff groups and stakeholders and develop deeper understanding of HFRS as an organisation.
6. The full report is at **Appendix A**.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

7. The HMI Report links fully with our Service Plan and all our Safer and Stronger Priorities, it enables us to improve as an organisation and also to demonstrate to our communities and partners how effectively and efficiently we are performing.
8. The HMI Report outcome pays due regard to the Fire and Rescue National Framework document and HFRS performance in respect of that.

RESOURCE IMPLICATIONS

9. The Action Plan deliverables will be progressed within business as usual and be monitored through the Performance and Assurance Board. Managers accountable for delivery of specific functional areas will be required to prioritise resource to achieve the required improvement. However, there are no additional financial resources required as improvements will be made within existing budgets.

LEGAL IMPLICATIONS

10. Whilst the Service is not legally required to carry out every improvement recommended within the HMI Report, it is considered that addressing these areas will place the Service in a positive position regarding compliance within all relevant legislation, relating to employment of staff, management of resources and operating a Fire and Rescue Service

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

11. The Action Plan deliverables will, where required, undertake an environmental and sustainability impact assessment.

EQUALITY IMPACT ASSESSMENT

12. The Action Plan deliverables will, where required, undertake an equality impact assessment.

OPTIONS

13. The option to note the report ensures that Service commits to improvement in the areas identified by HMI and better delivery of services within Hampshire and the ability to compare the Service's performance against other FRS'. The option to not note the report will not ensure Service improvement and the ability to compare the Service 's performance against other FRS'.

RISK ANALYSIS

14. Should the HMI Report and proposed creation of the Service Action Plan not be noted the Service will not be improving its delivery of services, achieving better value for money or becoming an inclusive employer of choice.

CONCLUSION

15. The HMI Report gives the Service the opportunity to continually improve so that it can continue to make Hampshire a safer place to work, live and travel. The associated Action Plan will ensure that measurable steps are taken to improve the Service, in delivery of public safety, in delivering value for money and for being a positive organisation that is an employer of choice.

RECOMMENDATION

16. That the HMI Report be noted by the Standards and Governance Committee.

APPENDICES ATTACHED

17. Appendix A - HMI Report.

<https://www.justiceinspectors.gov.uk/hmicfrs/wp-content/uploads/hampshire-fire-and-rescue-service-report-2018-19.pdf>

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Fire & Rescue Service

Effectiveness, efficiency and people 2018/19

An inspection of Hampshire Fire and Rescue Service



Contents

About this inspection	1
Service in numbers	2
Overview	4
Effectiveness	7
How effective is the service at keeping people safe and secure?	8
Summary	8
Understanding the risk of fire and other emergencies	9
Preventing fires and other risks	11
Protecting the public through fire regulation	14
Responding to fires and other emergencies	16
Responding to national risks	19
Efficiency	21
How efficient is the service at keeping people safe and secure?	22
Summary	22
Making best use of resources	23
Making the fire and rescue service affordable now and in the future	25
People	27
How well does the service look after its people?	28
Summary	28
Promoting the right values and culture	29
Getting the right people with the right skills	31
Ensuring fairness and promoting diversity	33
Managing performance and developing leaders	36
Annex A – About the data	38
Annex B – Fire and rescue authority governance	43

About this inspection

This is the first time that HMICFRS has inspected fire and rescue services across England. Our focus is on the service they provide to the public, and the way they use the resources available. The inspection assesses how effectively and efficiently Hampshire Fire and Rescue Service prevents, protects the public against and responds to fires and other emergencies. We also assess how well it looks after the people who work for the service.

In carrying out our inspections of all 45 fire and rescue services in England, we answer three main questions:

1. How effective is the fire and rescue service at keeping people safe and secure from fire and other risks?
2. How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks?
3. How well does the fire and rescue service look after its people?

This report sets out our inspection findings. After taking all the evidence into account, we apply a graded judgment for each of the three questions.

What inspection judgments mean

Our categories of graded judgment are:

- outstanding;
- good;
- requires improvement; and
- inadequate.

Good is our 'expected' graded judgment for all fire and rescue services. It is based on policy, practice or performance that meet pre-defined grading criteria, which are informed by any relevant national operational guidance or standards.

If the service exceeds what we expect for good, we will judge it as **outstanding**.

If we find shortcomings in the service, we will judge it as **requires improvement**.

If we find serious critical failings of policy, practice or performance of the fire and rescue service, we will judge it as **inadequate**.

Service in numbers



Public perceptions

Hampshire

England

Perceived effectiveness of service
Public perceptions survey (June/July 2018)

86%

86%



Response

Hampshire

England

Incidents attended per 1,000 population
12 months to 31 March 2018

8.0

10.2

Home fire risk checks carried out by FRS per 1,000 population
12 months to 31 March 2018

2.7

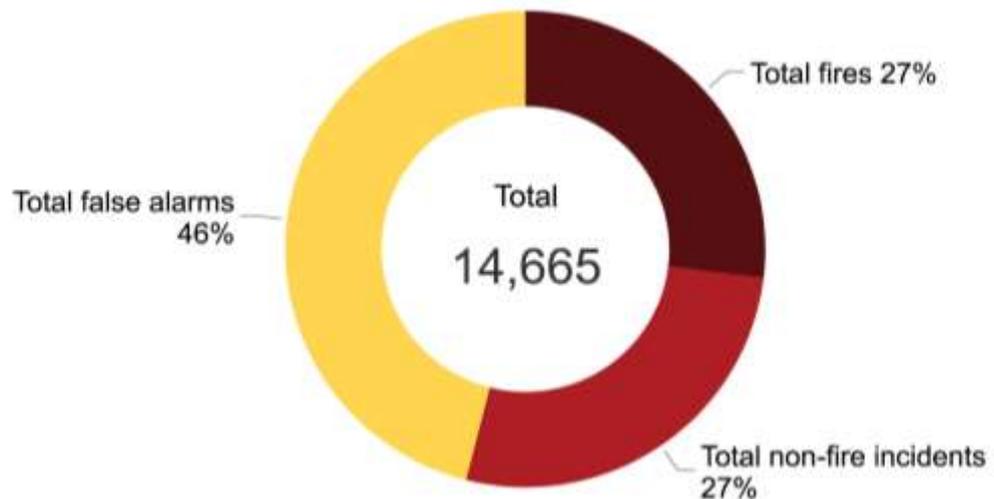
10.4

Fire safety audits per 100 known premises
12 months to 31 March 2018

0.4

3.0

Incidents attended in the 12 months to 31 March 2018





Cost

Hampshire

England

Firefighter cost per person per year
12 months to 31 March 2018

£20.77

£22.38



Workforce

Hampshire

England

Number of firefighters per 1,000 population
As at 31 March 2018

0.6

0.6

Five-year change in workforce
As at 31 March 2013 compared with 31 March 2018

-9%

-14%

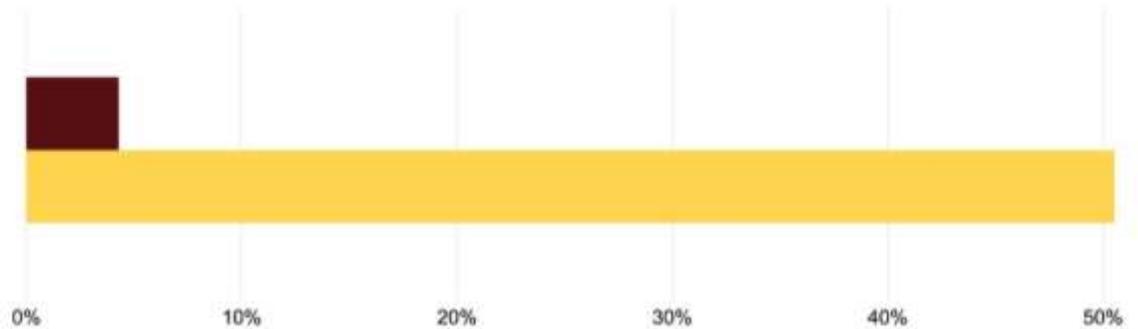
Percentage of wholetime firefighters
As at 31 March 2018

58%

70%

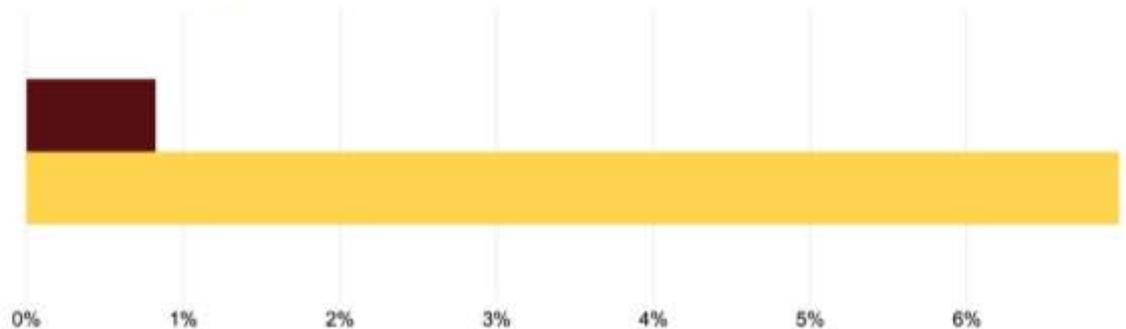
Percentage of female firefighters as at 31 March 2018

● Female firefighters ● Female residential population



Percentage of black, Asian and minority ethnic firefighters as at 31 March 2018

● BAME firefighters ● BAME residential population



Please refer to annex A for full details on data used.

Overview

 Effectiveness	 Good
Understanding the risk of fire and other emergencies	 Good
Preventing fires and other risks	 Good
Protecting the public through fire regulation	 Requires improvement
Responding to fires and other emergencies	 Good
Responding to national risks	 Good
 Efficiency	 Good
Making best use of resources	 Good
Making the fire and rescue service affordable now and in the future	 Good



People



Requires improvement

Promoting the right values and culture



Requires improvement

Getting the right people with the right skills



Good

Ensuring fairness and promoting diversity



Requires improvement

Managing performance and developing leaders



Requires improvement

Overall summary of inspection findings

We are satisfied with most aspects of the performance of Hampshire Fire and Rescue Service in keeping people safe and secure. But it needs to improve how it looks after its people, to give a consistently good service.

The service is effective at keeping people safe. It is good at:

- understanding the risk of fire and other emergencies;
- preventing fires and other risks;
- responding to fires and other emergencies; and
- responding to national risks.

But the service should improve how it protects the public with fire regulation.

It provides an efficient service. We found it makes good use of its resources, and its service is affordable.

The service needs to improve the way it looks after its people. In particular, we are concerned about the way it ensures fairness and promotes diversity. It also needs to improve the way it promotes the right values and culture, and how it manages performance and develops leaders. It is, however, good at getting the right people with the right skills.

We are encouraged by the positive aspects we have identified. We look forward to seeing a more consistent performance over the coming year.

Effectiveness



How effective is the service at keeping people safe and secure?



Good

Summary

An effective fire and rescue service will identify and assess the full range of foreseeable fire and rescue risks its community faces. It will target its fire prevention and protection activities to those who are at greatest risk from fire. It will make sure businesses comply with fire safety legislation. When the public calls for help, the fire and rescue service should respond promptly with the right skills and equipment to deal with the incident effectively. Hampshire Fire and Rescue Service's overall effectiveness is good.

The service understands risk well. It assesses risk based on a range of data. Its plan to manage risk guides its activities and how it intends to operate in the future. But information about risk is not always up to date. The service must tackle this so that firefighters are fully informed.

The service is focusing on the quality of its prevention work rather than quantity. We found examples of good partnership working. But it should assess the benefits of this approach. It needs to understand why, in the 12 months to 31 March 2018, the number of home safety checks per 1,000 population was low when compared to many other services.

According to data provided by the service, there has been a reduction in staffing for protection activity. The number of protection inspections have been consistently falling since the year ending 31 March 2011, workloads have increased and there are backlogs. We are concerned that, despite this, some staff are being made available for commercial activities. The service needs to have a clear plan for how to protect the public and make sure it can achieve this.

The service is good at managing its resources. It aims to provide better value for money by having smaller, more flexible teams to crew fire appliances. It trains its staff well and this includes the use of new technology. However, despite a small decrease in the 12 months to 31 March 2017, response times to [primary fires](#) have been increasing since 2008 and the service should address this.

The service communicates well with the public. It is good at working with its partner organisations and is well-prepared to respond to national risks. To help them to respond to calls and manage incidents more effectively, the service is in a partnership with two other fire and rescue services. It also works closely with the ambulance service.

The service is good at commanding incidents. It trains its staff well and provides specialist support at incidents when needed. It has good procedures to debrief incidents and identify learning – including from other services and partner organisations – but it needs to make sure that these procedures are used at all incidents.

Understanding the risk of fire and other emergencies



Good

Hampshire Fire and Rescue Service is good at understanding the risk of fire and other emergencies. But we found the following area in which it needs to improve:

Areas for improvement

- The service should ensure it gathers and records relevant and up-to-date risk information.

All fire and rescue services should identify and assess all foreseeable fire and rescue-related risks. They should also prevent and mitigate these risks.

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Understanding local and community risk

Hampshire FRS communicates well with its communities and the organisations it works with to develop a risk profile for the county. For example, by working well with the NHS, Hampshire Constabulary and local councils, Hampshire FRS is aware of residents who might be [vulnerable](#). This includes residents who might trip and fall, potential victims of crime, and those at risk from fire and other emergencies in their homes. The profile also helps the service develop road safety campaigns and rescue plans in the event of severe flooding.

Hampshire FRS has a good communication and media team. This team uses various methods to inform the public and seek their views on important issues. This includes social media, TV, radio and other methods. For example, the service told us about the success of a public consultation programme to help it to assess fire and other risks in communities. During this consultation, according to data supplied by the service, 450 people attended public meetings, 2,000 questionnaires were completed, and 30,000 people visited Hampshire FRS's website.

We found that the service analyses data carefully, to support the development of its risk profile. It gathers information through three work streams: emerging risks, such as the learning from the Grenfell Tower disaster; global risks; other publicly available consumer data; and information gathered during routine activities, such as premises which it has visited to offer fire safety advice. Hampshire FRS uses information to make sure its activities focus on those who are most at risk from fire and other emergencies. For example, the service has developed a programme of enhanced home fire checks called 'safe and well'. The check is done in the home of a vulnerable person and focuses on their wellbeing in their own home.

Hampshire FRS also has an important role in the local resilience forum (LRF). The LRF is a statutory body which brings together emergency services and other organisations which are responsible for crisis management and disaster recovery, such as local councils. The forum helps Hampshire FRS to make sure that these organisations (which include local businesses and the voluntary sector) have a common understanding of fire and other risks.

Having an effective risk management plan

Fire and rescue services must produce an [integrated risk management plan](#) (IRMP). The plan should include an assessment of all risks to life, and other harm in the community. It is designed to make fire and rescue services more responsive to local needs. We found a clear link between Hampshire FRS's IRMP and its operational activity. For example, the plan helps the service to design safety campaigns such as water safety in the summer, and road safety.

It was also clear to us that Hampshire FRS's IRMP sets out the service's overall direction and future challenges. These include maintaining levels of emergency response and community safety services while faced with financial constraints. Hampshire FRS is using its IRMP as the basis of its change programme: the service delivery redesign programme (SDRP). A main theme of the SDRP is to develop a more flexible response to emergencies using smaller, more versatile vehicles, and smaller teams of firefighters. The IRMP is also being used to develop Hampshire FRS's prevention services to vulnerable people. This includes the service's decision to broaden the purpose of visits to people's homes to include checks on the occupants' wellbeing as well as fire safety advice. This development is in response to the increasing number of older people living in the county.

Maintaining risk information

The service has a policy for identifying and recording risk information and making it available to staff. Risk information is designed to make firefighters aware of hazards they may face when attending incidents. However, we found examples of risk information being out of date because scheduled visits to update the information had not been completed. This means that incident commanders and firefighters might not have all relevant information when responding to emergencies, which might limit their effectiveness.

We found the process for gathering risk information to be inconsistent. In some areas, notably Rushmoor, firefighters routinely visit high-risk premises as part of a co-ordinated programme to familiarise themselves and gather information about risks.

In other areas, particularly those served by retained firefighters (on-call personnel who are not employed full time by the service), knowledge of, and access to, information about known risks was far less assured. Some of the premises where the risk information is out of date are considered high-risk by the service; this includes some heritage sites, such as churches and listed buildings.

Hampshire FRS's vehicles are equipped with [mobile data terminals](#) (MDTs). These are a good way of providing frontline fire crews with risk information. The data available to firefighters includes risk relating to high-risk buildings and hazardous materials transported in vehicles. MDTs also provide access to policies and procedures. This information is also available to staff at Hampshire FRS's [fire control](#) in case the MDT system fails.

Frontline staff told us they are not certain who is responsible for programming inspections so that the risk information can be updated. They don't know whether it's the responsibility of a central headquarters team, or locally based group managers (senior supervisors responsible for geographical areas). They feel that the confusion is contributing to delays in the risk information being updated.

Hampshire FRS is not in a position to provide up-to-date risk information to frontline firefighters. This is an area where we expect the service to improve quickly. This will be examined in future inspections.

Preventing fires and other risks



Good

Hampshire Fire and Rescue Service is good at preventing fires and other risks. But we found the following areas in which it needs to improve:

Areas for improvement

- The service should understand why it completes proportionately fewer home fire safety checks than other services.
- The service should ensure it targets its prevention work at people most at risk.
- The service should evaluate its prevention work, so it understands the benefits better.

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Prevention strategy

The [fire and rescue national framework](#) for England requires fire and rescue authorities to make suitable provision for fire prevention and protection activities. The number of home safety checks has decreased in the 12 months to 31 March 2018, when compared to the previous year. The number of checks per 1,000 population in the 12 months to March 2018 is also well below the England rate.

The service's IRMP identifies people over the age of 65 as being the main risk group in the county. In the 12 months to 31 March 2018, 66 percent of all home visits were to the over-65 age group. This is an increase from 58 percent in the previous 12 months. However, this is due to a decrease in the overall number of visits carried out. The actual number of home safety checks to the over-65 age group has decreased from 3,643 visits in the 12 months to 31 March 2017, to 3,305 visits in the 12 months to 31 March 2018.

Hampshire FRS has changed its approach to prevention work. It has removed its performance targets from community safety prevention work, choosing to focus on quality over quantity. At the time of our inspection we found the service had done little to evaluate if this new approach was effective.

The service has several specialist prevention officers. These officers allocate standard visits to staff and volunteers, and take responsibility for the more complex visits themselves. However, the approach to allocating these visits across Hampshire is not consistent, and there is a wide variation in the time taken to complete the visits. Although formal training exists for staff there is no clear quality assurance process. We found some good practice in areas where prevention officers work closely with social care workers. Social workers make frequent requests for Hampshire FRS staff to visit residents who they think are vulnerable. There are also occasions when Hampshire FRS and council staff make joint visits.

Hampshire FRS provides the opportunity for members of the public to make a referral for a safe and well check online. If they do not meet the criteria for a visit, there is the option to receive safety advice online via the 'Safe and Sound' home safety tool.

Promoting community safety

The service promotes community safety well. Hampshire FRS seeks to promote the fire service as a health asset. It has extended its visits to vulnerable people to include general health and wellbeing as well as advice to prevent falls in the home.

Local clinical commissioning groups contracted the service to design a programme called 'safety through education and exercise for resilience' (STEER). It promotes wellbeing in communities on behalf of the NHS, focusing on mobility, social intervention and safety in the home among the elderly. We found another good example of joint working with the NHS in Rushmoor, where FRS staff share premises with a community care team. The co-location of staff and resources has led to a greater shared understanding of community risk. It has also provided opportunities for better information sharing and joint work to support vulnerable people.

The service prioritises campaigns that support specific community safety initiatives based on risk. It has done this since 2015. This includes, for example, road safety programmes in collision hotspots, and seasonal water-safety campaigns. The service has yet to assess whether this new approach benefits the people who take part.

The service has identified that there has been an increase in the number of deliberate fires. It has introduced a programme to reduce the risk of arson. This involves joint networking with other organisations to support people who start fires deliberately. The work includes the rehabilitation of young offenders in prison. Hampshire FRS has also established a joint arson task force with Hampshire Constabulary to do fire investigations. The service informed us that the numbers of detections and prosecutions for arson offences in Hampshire is greater than elsewhere in England.

Hampshire FRS has a good understanding of its [safeguarding](#) responsibilities. Staff are trained to identify people in the community who are vulnerable. They know how to act to safeguard vulnerable people at incidents. A specialist lead officer responsible for safeguarding makes sure that policies and procedures are kept up to date and that staff receive the appropriate training. Staff in the fire control centre play an important role in identifying vulnerable people when contact is first made with the service. We also found that staff know how to report their concerns to social care and other organisations if they think that people need help.

Road safety

Hampshire County Council takes primary responsibility for road safety and casualty reduction in the county. Hampshire FRS plays a significant role in the 'safe drive stay alive' programme, alongside partner organisations. Firefighters bring their experiences of road deaths and serious collisions to a hard-hitting education programme aimed at changing the behaviour of young drivers and their passengers.

Hampshire FRS's communications team has developed several images that promote road safety. These are displayed on fire and rescue vehicles and have been made widely available for use by other organisations involved in road safety.

The service is also working with other emergency services and the Ordnance Survey. This includes looking at different ways to record and predict where accidents might happen, and to put measures in place to reduce casualties.

Protecting the public through fire regulation



Requires improvement

Areas for improvement

- The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme.
- The service should assure itself that its commitment to the trading arm does not conflict with its main protection responsibilities or its public service duties.

All fire and rescue services should assess fire risks in buildings and, where necessary, require building owners to comply with fire safety legislation. Each service decides how many assessments it does each year. But it must have a locally-determined, risk-based inspection programme for enforcing the legislation.

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Risk-based approach

According to data supplied by the service, Hampshire FRS allocates fewer staff to fire protection duties than in previous years. The number of inspections has been in steady decline since 2010. More positively, the number of high-risk premises that have been visited has increased markedly. In the 12 months to 31 March 2018, Hampshire FRS identified 853 premises as high risk. Of these, 39 percent were audited as part of the risk-based inspection programme within the same time period. The service told us that following the Grenfell Tower fire, it identified and completed over 270 inspections of high-rise premises, working with local authority colleagues to provide advice and support to residents.

According to data provided by the service, it currently has 12 protection officers distributed across the county. These officers are trained and qualified to national standards. However, at times they struggle to balance the demands on their time. Other than inspecting high-risk premises, and their statutory obligations to respond to councils about planning applications, their work is mainly reactive. This means that they will respond to concerns which members of the public raise about fire safety, but more routine visits are limited. We reviewed several case files relating to inspection visits to premises. This showed that several premises scheduled to be audited were overdue for a visit. Hampshire FRS aims to visit high-risk venues every 12 months and medium-risk venues every two years. We found one file that was four years out of date.

In the context of the workload pressures faced by frontline staff and the backlogs in the risk-based inspection programme, we are concerned that at the same time some staff are being made available for commercial activities. Hampshire Fire and Rescue Authority has set up a business that operates from its service's headquarters. This is overseen by members of the [fire authority](#) who constitute the board of directors. The business provides services to the commercial sector, including: event security business safety training; consultancy; and fire safety risk assessment advice. The business contracts Hampshire FRS staff to provide commercial services for a set period. The service recovers the full cost of these staff. However, we are concerned that the current supply of staff to the business is affecting the inspection programme, which is a primary responsibility of the service.

We are also concerned this arrangement has the potential to create a conflict of interest. Hampshire FRS staff, working on behalf of the business, provide fire safety advice in premises which may later be subject to inspection audits. If the fire safety advice was found to be defective or inadequate, this would create a position where Hampshire FRS was criticising work completed by its own members of staff. Staff completing these audits might find it difficult to remain objective in such circumstances or reluctant to make criticisms.

Hampshire FRS has an action plan to improve performance and is reviewing its risk-based inspection programme, but at time of inspection it was not clear to us how far this has progressed. The service should ensure that its inspection programme is properly resourced in line with its stated aims.

Enforcement

In the 12 months to 31 March 2018, 68 percent of premises inspected for protection purposes were found to be unsatisfactory. Overall, the number of enforcement actions has notably reduced from 25 in the 12 months to 31 March 2016 to one in the 12 months to 31 March 2018. However, there has been an increase in the number of prohibition notices issued during the same period (increasing from 13 to 24). The service believes that this is a sign that it is focusing on the premises that cause the highest risk to the public.

The service works well with other organisations to share information on risk. It works with local authority building control, trading standards and housing teams to support enforcement activity.

Working with others

The service is good at working with others to promote regulatory fire safety requirements. The service handles 30 primary authority schemes (PAS). These allow businesses and organisations with premises in more than one fire authority area to receive fire safety advice from a single fire service. We spoke to several business representatives who benefit from Hampshire FRS's PAS. They were complimentary about the service provided.

The service jointly funds a protection officer to work with Hampshire County Council. This results in more effective sharing of information between Hampshire FRS and the county council. It has led to safety improvements in the council's building stock including the retro-fitting of water sprinkler systems in residential and educational buildings.

Hampshire FRS is less effective at reducing the number of unwanted fire signals (false alarms from fire alarms and detection systems). The number of incidents which the service attended that were false alarms because of apparatus has increased in the 12 months to 31 March 2018, when compared to the same period in 2015. These can place unjustified demands on fire services. Hampshire FRS's protection officers work closely with businesses to identify causes and offer solutions, one notable example being the reduction in calls from Southampton General Hospital.

Responding to fires and other emergencies



Good

Hampshire Fire and Rescue Service is good at responding to fires and other emergencies. But we found the following area in which it needs to improve:

Areas for improvement

- The service should ensure it has an effective system for staff to use learning and debriefs to improve operational response and incident command.

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Managing assets and resources

The service is good at managing its assets and resources. Since 2016, Hampshire FRS has changed how it responds to emergencies. This means that the number of firefighters sent to incidents, and the type of vehicle they travel in, are better suited to the situation. Hampshire FRS's fleet includes first response vehicles, and intermediate and enhanced fire appliances. All of these can be crewed by differing numbers of personnel.

The smaller first response vehicles can be crewed by two firefighters. This means they can respond quickly to an emergency and start to bring it under control. They can gather information and request additional resources should they be needed. The service has given clear guidelines and training for staff to help them to respond to incidents effectively. However, some firefighters we spoke to raised concerns about the limitations of only having two firefighters on a first response vehicle.

Retained firefighters are more positive about the proposal to crew a fire appliance with a minimum of two personnel. At stations where retained firefighters work, there are occasions when it can be difficult to assemble larger crews because of staff availability. The new arrangements mean that firefighters can be deployed in pairs, supported by staff from other fire stations if the circumstances require it.

Firefighter training includes the use of new technology. For example, firefighters have been trained in the use of modern thermal imaging cameras and ultra-high pressure lances. This has helped Hampshire FRS develop a concept of operations known as 'scan, attack, ventilate and enter' (SAVE).

Hampshire FRS has good procedures to understand how changes in staffing levels affect how well it can respond to incidents. This includes the day-to-day fluctuations as well as the more predictable variations in staffing levels. All of these can affect the availability of resources and its response capability. The procedures are known as a degradation plan. This, along with the application of professional knowledge, makes sure that there are sufficient resources available to respond to incidents.

Hampshire FRS carefully monitors the time it takes to attend incidents. Since 2008, data shows that there had been a gradual increase in average attendance times to primary fires, peaking in the 12 months to 31 March 2016 at nine minutes 20 seconds. In the 12 months to 31 March 2017, the average attendance time to a primary fire was nine minutes four seconds.

The service has set itself an ambitious target to attend critical incidents within eight minutes on 80 percent of occasions. The service classes critical incidents as incidents that endanger people or property, such as building fires or road traffic collisions. Data from the service shows that the current performance is 65 percent and the service expects this to increase to 77 percent by 2020. The service should continue its work to improve its attendance time to incidents.

Response

The service is currently amending its policies to reflect [national operational guidance](#). It has already completed a significant amount of this work. This includes new procedures for the use of breathing apparatus and the command of incidents. It knows which areas need updating, and has a plan in place to achieve this.

The service's flexible crewing arrangements mean that it can send the appropriate response based on the type of incident. The initial response also depends on the level of risk the incident presents. All incidents are attended by a pre-determined number of appliances including:

- incidents involving high-rise property;
- when people are reported missing or trapped;
- if hazardous materials are present; and
- rescue from water or at height.

Staff in fire control can use their discretion and alter the level of attendance if the information received justifies it.

Hampshire FRS also works closely with Dorset and Wiltshire FRS, and Devon and Somerset FRS. The services have formed a partnership known as the Network Fire Services Partnership (NFSP). This aims to provide effective joint working across the services. As part of NFSP arrangements, the three fire and rescue services can receive and manage emergency calls in any of their areas. This ensures that fire control staff handle emergency calls in the shortest time possible. And the partnership allows the nearest appliance from any service to be [mobilised](#) to incidents. All three services can provide immediate support in the event of a major incident or a large volume of calls arising from an exceptional weather event (such as flooding).

During our inspection, we saw how well these arrangements worked. A large incident on the Isle of Wight was managed by Hampshire fire control, together with operators located in Dorset and Wiltshire fire control. Hampshire FRS control room also co-ordinated the arrangements for resources to be sent to the Isle of Wight. These arrangements and processes were well-practiced and multi-layered. This resulted in no loss of service to the public of Hampshire or the Isle of Wight.

The service assists the ambulance service with medical emergencies in remote areas of the county. Retained firefighters also operate a system, known as co-responding, to assist the ambulance service. This means that firefighters respond to certain types of medical emergencies and provide care to patients before paramedics arrive at the scene. These arrangements have been working well since 2004. According to data provided by the service, in 2017, the service also attended 1,200 incidents to help paramedics gain access to premises when there were concerns about the wellbeing of the occupant.

Command

The service is good at commanding incidents. Its training follows national guidance. This sets out the skills and experience expected of commanders at four levels, based on the seriousness and size of each incident. Incident commanders have access to relevant policies and procedures using the MDTs and aides-memoire.

The service provides up-to-date training material. It does regular incident command assessments of its staff at all levels. It has recently introduced a state-of-the-art computerised training simulator. This gives incident commanders access to realistic training scenarios to test their skills.

Experienced advisors are mobilised to support those in command at incidents. These advisors assist with decision-making and provide technical knowledge to the incident commander.

Keeping the public informed

The service communicates well with the public. It uses its website and social media to provide accurate and up-to-date information about incidents. The communications team is available at all times and has access to the incident system. The team informs the public about any significant events. This includes large fires, road traffic collisions which cause travel disruption, and other incidents of interest.

The service's communications team works with press and media officers from Hampshire Constabulary. This helps them to provide joint messages about public safety. They use social media to tell local people about incidents as they happen.

Evaluating operational performance

Hampshire FRS has procedures to de-brief incidents. This means it can examine results, identify areas of good practice and find out if it could have done things better. Staff know that larger incidents trigger these procedures. The service shares findings with staff through a number of channels including an e-learning portal, the service's intranet and internal circulars which are known as 'routine notices'. However, we found that not all firefighters understand how to contribute to these procedures. We also found that debriefing for the lower-level or smaller incidents did not always identify formal learning outcomes to be shared across the service. This is an area where the service needs to improve.

The service exchanges learning with other emergency services and with its neighbouring fire and rescue services. This is particularly the case if an incident has involved more than one fire and rescue service. Hampshire FRS has hosted several events to share organisational learning with the fire service community. It proactively seeks to learn from the experiences of incidents elsewhere in the country.

Responding to national risks



Good

All fire and rescue services must be able to respond effectively to multi-agency and cross-border incidents. This means working with other fire and rescue services (known as intraoperability) and emergency services (known as interoperability).

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Preparedness

The service has some significant responsibilities as part of its role in the LRF. It contributes to several tried-and-tested plans with other organisations to address national and local risks. These include: major incidents involving the transport network; pandemic flu; large-scale flooding; or other weather-related events. Hampshire FRS has procedures in place to request support from neighbouring fire and rescue services, local authorities and the military if incidents require specialist support.

Several premises in the county are high risk. These include 14 [sites](#) that are designated by the Control of Major Accident Hazards Regulations (COMAH) 2015 according to data provided by the service. The service has agreed and tested out plans with all relevant organisations to manage incidents on these sites.

Working with other services

Hampshire FRS is bordered by Dorset and Wiltshire FRS, Royal Berkshire FRS, Surrey FRS and West Sussex FRS. It also supports the Isle of Wight FRS. The service works hard to ensure that it can properly support neighbouring services. The NFSP and a programme of cross-border exercises with these fire services, together with sharing risk information, means that firefighters feel confident in responding to emergencies in other counties and in providing valued support.

Working with other agencies

The service has plans in place to manage incidents that involve a response from other organisations. The LRF has developed a common understanding of incident command known as the 'emergency response arrangements for incident response'. The forum refers to the national and community risk registers to test and exercise a joint response to the main risks in the area. Hampshire FRS takes part frequently in multi-agency exercises.

Hampshire FRS's incident command training ensures that all officers are qualified to the standard set out in the [Joint Emergency Services Interoperability Principles](#) (JESIP). The service is well prepared to respond to incidents as part of a multi-agency response.

Hampshire FRS also contributes to the national mobilisation of firefighters in the event of major incidents. [Wholetime](#) and retained firefighters are made available to the fire and rescue service [national co-ordination centre](#) should the need arise.

Hampshire FRS can mobilise its specialist capabilities and resources to support any national emergency. These include:

- high volume pumps;
- [urban search and rescue](#) teams;
- mass decontamination experts;
- water rescue capabilities; and
- firefighters who are trained to work with the police and ambulance teams in the event of terrorist attacks.

Efficiency



How efficient is the service at keeping people safe and secure?



Good

Summary

An efficient fire and rescue service will manage its budget and spend money properly and appropriately. It will align its resources to its risk. It should try to keep costs down without compromising public safety. Future budgets should be based on robust and realistic assumptions. Hampshire Fire and Rescue Service's overall efficiency is good.

The service manages its budgets well. It has been able to make the necessary savings in recent years. It has made realistic plans based on sensible, if slightly cautious, financial predictions. Some of the savings that still need to be made rely on having a more flexible and cost-efficient workforce model. Use of the service's [reserves](#) supports change projects. The service should review whether these funds are sufficient to support all the major projects it has planned.

The service should make better use of the data available which shows how efficient it is or not, compared with other fire services. There are several areas where the service could improve. In addition, there may be better ways to support the change programme and reduce the cost of its support functions.

The service is good at collaborating. It assesses whether these arrangements are working well and makes changes when necessary.

Hampshire FRS makes sure it can recover from unexpected events that might affect its services. It has plans in place and tests these regularly. However, it should extend these plans to cover a wider range of threats and risks, particularly at individual fire stations.

Making best use of resources



Good

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

How plans support objectives

The service has developed its objectives in line with its IRMP. These include identifying existing and potential risks to its communities and assessing the effectiveness of the current preventative and response arrangements.

Hampshire FRS manages its budgets well. The chief finance officer and his accountants have extensive experience in the public sector. The service has achieved the savings required by recent government spending reviews. Deficits to the budget are clearly set out over forthcoming years.

The service takes a cautious approach to setting its budget. Hampshire FRS makes sensible assumptions about pressures such as inflation, pay awards and costs of supplies. There is scope to go further in modelling a range of future scenarios and to consider implications of different levels of business rates and changes in council tax precept.

Savings requirements are clearly identified in the medium-term financial plan. Of the £10m savings needed, £6m have been identified. The remaining savings are linked to the SDRP which includes a more flexible and efficient crewing model.

The service uses priority-based budgeting. This allocates funds according to the service's priorities: across the areas of prevention, protection and response. The service may wish to consider its allocation to its protection activity in light of the concerns we have raised.

Hampshire FRS allocates funds to a transformation reserve to assist its change programmes. These reserves will also be used for forthcoming major projects such as the potential proposal to create a new combined fire authority with Isle of Wight FRS. The proposed combination is currently the subject of public consultation. The strategic change manager is leading this work.

Productivity and ways of working

It is good that the SDRP includes plans to introduce a more flexible and cost-efficient workforce model. The model is currently being tested out, with smaller crews responding to some incidents in vehicles specially adapted for the purpose. These trials are due to finish at the end of 2018.

We consider that Hampshire FRS should make better use of comparative data with other fire services. This would help it make sure its costs and services represent value for money. Another aspect to consider is response times. As experienced elsewhere in England, average response times to primary fires in Hampshire have been

increasing over the past 20 years. In the 12 months to 31 March 2017, the average response time to a primary fire in Hampshire was nine minutes four seconds, indicating that the service may not be achieving its targeted response times (within eight minutes to a critical incident on 80 percent of occasions).

We also believe there is scope for Hampshire FRS to reduce some of its non-operational costs. Several staff are currently removed from frontline duties to manage projects linked to the SDRP. This means that their day-to-day responsibilities are allocated to staff who are temporarily promoted, and several firefighters have been recruited on temporary contracts. Some of these abstractions from frontline duties are for a long time. This is causing uncertainty in the workforce and restricting promotion opportunities for some staff. The service should review how it uses staff to support the SDRP.

Collaboration

The service has collaboration arrangements in place with other emergency services, the NHS, local authorities and the voluntary sector. It is seen as a partner of choice for the other emergency services. In many places – for example at Rushmoor – paramedics, police officers and other public sector workers share premises owned by Hampshire FRS. As well as this leading to better working relationships, it is a good source of income for the service.

The service has an established track record of collaboration. This includes a fleet-maintenance programme shared with other fire and rescue services, and a shared back office function partnership with Hampshire Constabulary and Hampshire County Council.

The benefits of these collaborations are monitored carefully, and adjustments made when necessary. For example, the service has recently taken ICT services back in-house, as it identified that the current provider was no longer cost effective.

Continuity arrangements

Hampshire FRS takes business continuity seriously. It makes sure it can recover from unforeseen events affecting its services. This important area is the responsibility of chief officers.

Senior officers lead several exercises and tests to check that the service's business continuity plans work effectively. For example, if the fire control centre lost power supply, the service has made checks to see how well 999 calls can be handled in neighbouring fire services. Evacuation plans have also been tested at Hampshire FRS's headquarters and joint exercises are held with other organisations as part of the LRF arrangements to assess business recovery in times of crisis.

We saw how Hampshire FRS managed to maintain its levels of service during snowfalls earlier this year and recovered well from ICT failures because effective plans were in place.

Making the fire and rescue service affordable now and in the future



Good

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Improving value for money

The service is good at making savings and investing into new areas of business to secure its future. In the first government spending review period, Hampshire FRS far exceeded its savings requirement. It plans to assign £5m annually to support its investment programme. This aims to improve facilities in the service's 52 buildings, 51 of which are fire stations, and introduce modern technology across the service.

Joint working with other fire services and commercial partners reduces Hampshire FRS's operating costs and, in some areas, generates income. For example, the service told us that it receives in excess of £1m annually from other public sector services that base their staff in Hampshire FRS buildings.

Hampshire FRS also allocates funds to a transformation reserve to encourage improvements and make efficiencies. This has funded the recruitment of change professionals with proven track records in bringing efficiencies to the public sector. It also helps fund the service's SDRP. It is too early to assess the extent to which the planned efficiencies will be realised. However, it is ambitious in that the service is introducing more flexible resourcing and aims to make sustainable service improvements at reduced cost.

The service intends to make use of Chartered Institute of Public Finance and Accountancy [benchmarking](#) practices. Joint services are in place with Hampshire County Council, including financial services, procurement and contract management.

Innovation

Hampshire FRS is committed to making changes and improvements to improve services and save money. It is digitalising its services, and already provides frontline staff with MDTs to assess risks at incidents. Its plans to introduce a more modern fleet of vehicles, and to deploy firefighters in a more flexible way are innovative and reflect well on the service's ambitions.

Although plans are far-reaching, we heard from staff that the replacement of some ICT applications led to loss of data. The service should review whether this is the case and should make sure the benefits of new ways of working do not negatively affect existing systems.

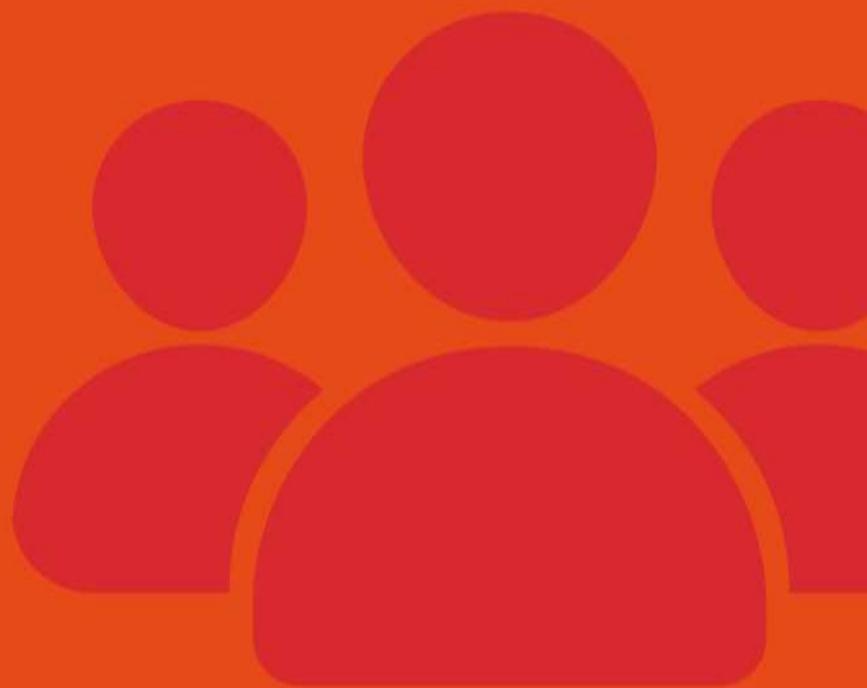
Close working with other organisations, both within and outside the fire service, demonstrates good business sense. The service has been able to generate income from its extensive estate and the sale of its services.

Future investment and working with others

Hampshire FRS has been at the forefront of the 'one public estate' concept. It has already brought together some emergency services into joint use premises. Hampshire FRS and the Isle of Wight FRS are also considering a potential proposal to create a new combined fire authority. This is to make the services more efficient and provide other business benefits. The plans are currently the subject of public consultation.

The service already supports the ambulance service by responding to some medical incidents. Staff have been trained so that they have the necessary skills for this. The two organisations are currently discussing whether to extend this further.

People



How well does the service look after its people?



Requires improvement

Summary

A fire and rescue service that looks after its people should be able to provide an effective service to its community. It should offer a range of services to make its communities safer. This will include developing and maintaining a workforce that is professional, resilient, skilled, flexible and diverse. The service's leaders should be positive role models, and this should be reflected in the behaviour of the workforce. Overall, Hampshire Fire and Rescue Service requires improvement at looking after its people.

The service does not do enough to promote the right values and culture. Some staff we interviewed talked about a culture of bullying and domineering behaviour from managers. It was not clear how widespread or current these problems were. It would be beneficial to introduce a formal set of expected values and behaviour.

The diversity and inclusion team is doing some excellent work. It aims to make the service more representative of the community by recruiting and retaining minority members of staff. Its work needs to be supported more by the chief officer team so that it extends to the whole organisation. The service has an Inclusion and Diversity strategy and planned work streams and activity, but it has work to do to develop this area further to ensure that the recruitment, retention, development and progression of staff is open and fair to all. It should take immediate steps to improve its standards as this is a cause of concern.

The service has a good intranet site. However, its communication with its staff is limited. Many members of staff do not think that their views will be listened to. It is important that the service addresses concerns raised in the staff surveys. The service provides good wellbeing support but could improve how it manages sickness.

The service understands the skills of its workforce. It trains its staff well and plans to get the right people in the right places. It needs to develop its culture of learning and improvement. It should also make more use of the wider skills of its retained firefighters. There are concerns about the promotion process, which staff feel needs to be more open and fair. The service also needs to review how it uses temporary promotions as this is causing some problems.

We found that the service could do more to develop its future leaders. It does not assess staff performance properly. The service needs to make sure that processes to identify learning and development are consistent. It should also bring in a programme to identify and provide development opportunities for its gifted and talented staff.

Promoting the right values and culture



Requires improvement

Areas for improvement

- The service should ensure its expected values and behaviours are understood and demonstrated at all levels of the organisation and that managers actively promote these standards.
- The service should assure itself that staff understand and have confidence in the service's grievance and absence management policies.

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Workforce wellbeing

The service has an established [trauma risk management](#) (TRiM) programme to support staff who have had experiences that have affected them physically or emotionally. Staff spoke positively of this programme. They feel they have easy access to it and it offers a practical means of support to those who need it.

Support networks are also in place for staff who suffer from stress, anxiety or depression. Trained mental health first aiders are available to support colleagues at various locations. These individuals spoke passionately of their responsibilities and frontline staff value their support. It is encouraging that staff can speak openly about mental health without fear of stigma.

Health and safety

Hampshire FRS promotes health and safety with its staff. According to data provided by the service there has been an increase in the number of reported 'near miss' events. These are occasions when firefighters have had experiences which could have compromised their personal safety, but no harm actually happened. This is a positive development as it indicates frontline staff have the confidence to report their concerns.

The service's procedures and policies relating to staff grievances and managing staff sickness are not fully effective. We heard that supervisors are not trained to manage these functions effectively, that grievances take too long to resolve and that staff on sick leave are not given appropriate support. Staff are also concerned about whether the county council's shared HR services can manage fire and rescue cases properly. They are not confident that the occupational health unit fully understands the needs of the fire and rescue service.

Culture and values

Hampshire FRS's senior officers told us that they have chosen not to formalise or publish a set of values or behaviours. They prefer to recognise that everyone is different, and that individuals and teams should abide by their own standards. We are not convinced that this approach is working, but recognise that it takes time to embed a relatively new approach.

We found examples of:

- gender-exclusive language;
- some staff telling us about a culture of bullying;
- reports of domineering behaviour by managers; and
- inconsistencies in promotion processes.

Some female firefighters told us they feel undervalued, partly because of language which they considered divisive which they didn't consider was tackled sufficiently by senior managers.

Several retained firefighters also stated that they felt undervalued by the service. They told us that wholetime colleagues often comment about their levels of competence and abilities, even though they are all trained to the same level.

Staff told us they have experienced management styles that they considered to be both domineering behaviour and that could lead to a culture of bullying. We also found irregularities in promotion processes. In many of the organisations we inspect, promotion processes are cross-referenced to organisational values. In Hampshire FRS, the person who decides what capabilities will be assessed is the person in charge of selection. Staff lack confidence in the fairness of these processes. The service told us work is underway to improve promotion processes based on staff feedback.

There can be no guarantee that these concerns would be addressed even if chief officers defined the values and behaviours expected of the workforce. However, having an agreed set of standards would be a useful benchmark for members of staff to consider how best to conduct themselves. We recognise the recently appointed senior team's intention to refocus the organisational culture in the coming months and look forward to this work coming to fruition. It would also help senior leaders to role-model the standards of behaviour they expect.

We discuss our concern again in the section 'Ensuring fairness and promoting diversity' and we detail steps the service needs to take.

Getting the right people with the right skills



Good

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Workforce planning

Hampshire FRS has mapped out the skills of its workforce and how this plan will be affected by events such as retirements and resignations. The resource management group, chaired by a lead HR professional, oversees this planning and meets frequently. This ensures that the skills and capability of the service are maintained.

We found risk-critical training to be up to date. Accurate records are kept, and the skills and competencies of staff are available for everyone to view. This is important, for example, when fire control staff decide what resources to send to an incident.

On a day-to-day basis, Hampshire FRS maintains a minimum level of four firefighters for each fire engine that's crewed by wholetime staff. If there is a shortfall in available staff, vacant positions are filled from the 'bank'. The bank is a facility for firefighters who are willing to be called in when they are on a day off. Staff reported that there are times when some of the specialist appliances are not available because the bank staff did not have the necessary skills to operate them.

Hampshire FRS's training academy provides some opportunity for retained firefighters to complete training at weekends. However, some retained staff feel that these training requirements are too much of a burden alongside their primary employment commitments and family life. It was also clear to us that the service does not recognise and make use of the skills which these firefighters have acquired as part of their full time employment. These skills may be of use to Hampshire FRS. For example, some firefighters have nationally recognised chainsaw qualifications as part of their work in forestry. It would be a positive step for the service to gather information about all the skills that people in its workforce have.

Learning and improvement

Hampshire FRS maintains the skills and competencies required of operational firefighters. However, it needs to do more to develop a culture of learning and improvement in the service.

The training academy provides positive opportunities for learning. Instructors are allocated to specific fire stations to ensure that skills are up to date. This includes training on road traffic collisions, rescues from a height, and animal rescue, for example. However, the opportunities to address personal development and 'softer skills' are less clear. Some managers – notably at Redbridge fire station – take it on themselves to provide mentoring and coaching support for their staff. This is commendable. While the service informed us there is a structured programme of individual development across the service we found its use inconsistent across the service. This issue is especially the case for non-operational staff. There is no structured programme of individual development for non-operational staff.

We found that the use of annual staff appraisals is inconsistent. In some cases they are not completed at all and in others they are described as meaningless. This means that the service is overlooking a valuable opportunity to identify learning and development needs. Non-operational staff in particular told us that their development opportunities were limited.

Hampshire FRS has identified that communication with, and support of, retained firefighters could be improved. Staff feel that the introduction of support officers to enhance lines of communication is a positive step, as it provides an opportunity to assess their developmental needs.

Ensuring fairness and promoting diversity



Requires improvement

Cause of concern

Hampshire Fire and Rescue Service doesn't do enough to be an inclusive employer. We found signs of low morale in the workforce. People have little confidence that they will be treated fairly or that senior leaders have their best interests at heart.

Recommendations

By 30 June 2019, the service should:

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

Areas for improvement

- The service should assure itself that staff are confident using its feedback mechanisms, so these help the service gather valuable information. It should put in place an action plan to address the concerns raised by staff in the recent staff surveys.

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Seeking and acting on staff feedback

The service is poor at communicating with its staff. Staff report a culture that does not welcome feedback. We particularly heard that middle managers do not like being challenged.

We recognise as positive practice that the service undertakes staff surveys. It carried out a cultural survey earlier this year. However, less than half the workforce responded, although this is an increase from the previous survey. This suggests that the service could be doing more to communicate with its workforce. More worrying is the fact that many staff told us the service has not yet addressed the matters raised in the 2016 staff survey. This was a reason given for the lack of interest in the recent survey. Hampshire FRS needs to understand why so few respondents take part in staff surveys. It also needs to demonstrate a commitment to positive change by acting on the matters raised.

By contrast, despite some staff telling us they were reluctant to use the service's intranet site as the information was hard to find and not user-friendly, inspectors found it easy to use with relevant and current information. This includes information about staff wellbeing and access to services, chief officer blogs and service updates with current news and important developments.

Hampshire FRS's chief officers have a policy of visiting staff at fire stations on a regular scheduled programme. The frontline workforce welcomes this. However, they feel that when they raise something that matters with senior leaders they should be given more of a guaranteed response.

Diversity

More work needs to be done to make the workforce more representative. As at 31 March 2018, less than 1 percent of firefighters were from a black, Asian or minority ethnic (BAME) background. Minority population groups form 7 percent of Hampshire's communities.

Hampshire FRS's diversity and inclusion team has established several support groups. These form part of a network to address the interests of:

- women in the workplace ('fire inspire');
- lesbian and gay interests ('fire out');
- staff from ethnic minority backgrounds;
- disability groups ('fire able'); and
- religion, ethnicity and cultural heritage ('fireReach').

The diversity and inclusion team and volunteer staff work hard to make the workforce more representative of Hampshire's communities. We saw several examples of this including:

- innovative use of social media to launch 'have a go' campaigns to boost recruitment;
- innovative joint working with disability groups to place employees into non-operational posts; and
- outreach work at Southampton Pride to promote Hampshire FRS as a career.

However, although one of the service's priorities is to make the workforce more representative, it needs to do more to make this a reality. Too much currently rests with the small diversity and inclusion team and its volunteer networks. We do not feel that the recruitment, retention and progression of minority members of staff is being given strong direction or support from the chief officer team.

We spoke with female firefighters who expressed dissatisfaction with some of Hampshire FRS's facilities. In some fire stations, dormitories (for rest periods) are for use by both men and women and there are no designated female shower facilities. We were told that some personal protective equipment is 'one size fits all' (for example water rescue clothing), which makes things difficult for smaller women. Female firefighters also explained how uniform trousers are only designed for men. The service informed us that it has plans in place to buy additional sizes of water rescue clothing and its new fire kit it is rolling out is gender specific and fully fitted to each individual.

Although female uniform is a challenge for the fire service nationally, firefighters we spoke to felt that Hampshire FRS should do more to support their need for better uniform.

We are particularly concerned at the proportion of staff recorded as leaving the service during the year ending 31 March 2018. The majority of these are firefighters. At present the service is unable to identify why people are leaving the service in such numbers. The service believes that the high number of recorded leavers may be due to the service's use of fixed term contracts. However, it is not clear if the service fully understands why people are leaving the service in such high numbers. The service needs to research this, and take action to address the findings.

The service should have a diversity strategy to ensure that the recruitment, retention, development and progression of staff is open to all on a fair and equitable basis. The service has much work to do to be an employer of choice when judged by contemporary standards. This is a cause of concern. The service needs to take immediate steps to meet these standards. The momentum needs to come from the top of the organisation and everyone should play a part in making this happen.

Managing performance and developing leaders



Requires improvement

Areas for improvement

- The service should ensure it has an effective system in place to manage staff development, performance, promotion and productivity.
- The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.
- The service should ensure its selection, development and promotion of staff is open, transparent and fair, including its position on the use and length of temporary promotions.

We set out our detailed findings below. These are the basis for our judgment of the service's performance in this area.

Managing performance

Staff performance reviews do not meet the standards that we would expect of a fire and rescue service. Some staff told us that personal development interviews were available with their managers, but there was no evidence of a structured programme of performance appraisals.

The absence of an effective performance review process linked to an individual's development is a significant shortcoming. Despite the process being refreshed in 2017, it is seen as being over-complicated and of little value. Its application is inconsistent, and the process is not embraced by the workforce. We were also concerned to find that some managers – for whatever reason – choose not to lead change programmes.

Performance development reviews are designed to stretch people in their current position, identify talent and set people onto career pathways, but this is not currently effective. Attempts to revive an effective process in Hampshire FRS have failed. As an immediate priority, the service should implement a reliable procedure. This is an area we will examine carefully in subsequent inspections.

Developing leaders

Hampshire FRS needs to set out its workforce requirements for the future. All its staff should have access to career development and progression opportunities that support Hampshire FRS achieving its ambitions. However, career progression and succession planning are not a strength of the organisation.

Staff consistently reported significant concerns about the lack of an open and transparent promotion process. They told us that the promotion process is unfair and lacked openness, rather than being a genuine attempt to identify the talent of the future. We found no formal guidance about the operational competencies required for someone seeking promotion. This means that managers are 'signing off' applicants as being ready for promotion, without reference to any criteria or standard. Staff told us they were uncertain whether the next promotion process – the first for more than five years – was going to offer fair and open opportunities for all. The service has told us it has plans at an advanced stage to improved promotion processes which it should implement and embed as soon as possible to make sure it offers fair opportunity for everyone.

The number of individuals who have been temporarily promoted for long periods is causing problems. This is something the service needs to address. The situation leaves these individuals uncertain whether they will have to revert to their former position at some point, and it has blocked development opportunities for other members of staff. It has created a shortage of firefighters on the front line which the service has filled using its retained firefighters on short-term contracts. These individuals are keen to become full time employees and gave up their full time jobs to work with Hampshire FRS. Although the service is clear they offered these contracts without any guarantee of permanent employment at the end of their short-term contract, it does not appear this message has been heard consistently across the service.

Hampshire FRS has a 'pathway to promotion' process known as P2P. Operational staff do not view this positively though. For example, people temporarily promoted into positions have been told they will not be considered competent for substantive promotion positions as part of P2P. This has created a feeling of uncertainty and mistrust of senior managers by the workforce. P2P is also disliked by retained firefighters. They are required by the service to meet the same safety critical operational assurance processes as full time firefighters and so they do not feel have sufficient study time and their access to practical experience may be limited. The service should review this situation and introduce a programme that will identify and provide development opportunities for its gifted and talented staff.

Annex A – About the data

Data in this report is from a range of sources, including:

- Home Office;
- Office for National Statistics (ONS);
- Chartered Institute of Public Finance and Accountancy (CIPFA);
- our inspection fieldwork; and
- data we collected directly from all 45 fire and rescue services in England.

Where we use published Home Office data, we use the period to 31 March. We selected this period to be consistent across data sets. Some data sets are published annually, others quarterly. [The most recent data tables are available online.](#)

We use different data periods to represent trends more accurately.

Where we collected data directly from fire and rescue services (FRSs), we took reasonable steps to agree the design of the data collection with services and with other interested parties such as the Home Office. We gave services several opportunities to validate the data they gave us, to ensure the accuracy of the evidence presented. For instance:

- We checked and queried data that services submitted if notably different from other services or internally inconsistent.
- We asked all services to check the final data used in the report and correct any errors identified. Data that services submitted to the Home Office in relation to prevention, protection and workforce figures was published in November 2018. This data was updated after reports had been checked by services, so we haven't validated it further.

We set out the source of Service in numbers data below.

Methodology

Population

For all uses of population as a denominator in our calculations, unless otherwise noted, we use [ONS mid-2017 population estimates](#). This is the most recent data available at the time of inspection.

BMG survey of public perception of the fire and rescue service

We commissioned BMG to survey attitudes towards fire and rescue services in June and July 2018. This consisted of 17,976 interviews across 44 local fire and rescue service areas. This survey didn't include the Isles of Scilly, due to its small population. Most interviews were conducted online, with online research panels.

However, a minority of the interviews (757) were conducted via face-to-face interviews with trained interviewers in respondents' homes. A small number of respondents were also interviewed online via postal invitations to the survey. These face-to-face interviews were specifically targeted at groups traditionally under-represented on online panels, and so ensure that survey respondents are as representative as possible of the total adult population of England. The sampling method used isn't a statistical random sample. The sample size was small, varying between 400 and 446 individuals in each service area. So any results provided are only an indication of satisfaction rather than an absolute.

[Survey findings are available on BMG's website.](#)

Service in numbers

A dash in this graphic indicates that a service couldn't give data to us or the Home Office.

Perceived effectiveness of service

We took this data from the following question of the public perceptions survey:

How confident are you, if at all, that the fire and rescue service in your local area provides an effective service overall?

The figure provided is a sum of respondents who stated they were either 'very confident' or 'fairly confident'. Respondents could have also stated 'not very confident', 'not at all confident' or 'don't know'. The percentage of 'don't know' responses varied between services (ranging from 5 percent to 14 percent).

Due to its small residential population, we didn't include the Isles of Scilly in the survey.

Incidents attended per 1,000 population

We took this data from the Home Office fire statistics, '[Incidents attended by fire and rescue services in England, by incident type and fire and rescue authority](#)' for the period from 1 April 2017 to 31 March 2018.

Please consider the following points when interpreting outcomes from this data.

- There are six worksheets in this file. The 'FIRE0102' worksheet shows the number of incidents attended by type of incident and [fire and rescue authority](#) (FRA) for each financial year. The 'FIRE0102 Quarterly' worksheet shows the number of incidents attended by type of incident and FRA for each quarter. The worksheets 'Data fires', 'Data fire false alarms' and 'Data non-fire incidents' provide the raw data for the two main data tables. The 'Figure 3.3' worksheet provides the data for the corresponding chart in the statistical commentary.
- Fire data, covering all incidents that FRSs attend, is collected by the Incident Recording System (IRS). For several reasons some records take longer than others for FRSs to upload to the IRS. So totals are constantly being amended (by relatively small numbers).
- We took data for Service in numbers from the August 2018 incident publication. So figures may not directly match more recent publications due to data updates.

Home fire risk checks per 1,000 population

We took this data from the Home Office fire statistics, '[Home fire risk checks carried out by fire and rescue authorities and partners, by fire and rescue authority](#)' for the period from 1 April 2017 to 31 March 2018.

Each FRS's figure is based on the number of checks it carried out and doesn't include checks carried out by partners.

Please consider the following points when interpreting outcomes from this data.

- Dorset FRS and Wiltshire FRS merged to form Dorset and Wiltshire FRS on 1 April 2016. All data for Dorset and Wiltshire before 1 April 2016 is excluded from this report.
- The England total hours figures for 'Number of Fire Risk Checks carried out by FRS' include imputed figures to ensure a robust national figure. These imputed figures are: '2016/17 – Staffordshire'.
- Figures for 'Fire Risk Checks carried out by Elderly (65+)', 'Fire Risk Checks carried out by Disabled' and 'Number of Fire Risk Checks carried out by Partners' don't include imputed figures because a lot of FRAs can't supply these figures.

Home fire risk checks may also be referred to as Home Fire Safety Checks by FRSs.

Fire safety audits per 100 known premises

Fire protection refers to FRSs' statutory role in ensuring public safety in the wider built environment. It involves auditing and, where necessary, enforcing regulatory compliance, primarily but not exclusively in respect of the provisions of the [Regulatory Reform \(Fire Safety\) Order 2005 \(FSO\)](#). The number of safety audits in Service in numbers refers to the number of audits FRSs carried out in known premises.

According to the Home Office definition, “premises known to FRAs are the FRA’s knowledge, as far as possible, of all relevant premises; for the enforcing authority to establish a risk profile for premises in its area. These refer to all premises except single private dwellings”.

We took this from the Home Office fire statistics, '[Fire safety audits carried out by fire and rescue services, by fire and rescue authority](#)' for the period from 1 April 2017 to 31 March 2018.

Please consider the following points when interpreting outcomes from this data.

- Berkshire FRS didn't provide figures for premises known between 2014/15 and 2017/18.
- Dorset FRS and Wiltshire FRS merged to form Dorset and Wiltshire FRS on 1 April 2016. All data for Dorset and Wiltshire before 1 April 2016 is excluded from this report.
- Several FRAs report 'Premises known to FRAs' as estimates based on historical data.

Firefighter cost per person per year

We took the data to calculate firefighter cost per person per year from the annual financial data returns that individual FRSs complete and submit to CIPFA, and [ONS mid-2017 population estimates](#).

You should consider this data alongside the proportion of firefighters who are wholetime and on-call / retained.

Number of firefighters per 1,000 population, five-year change in workforce and percentage of wholetime firefighters

We took this data from the Home Office fire statistics, '[Total staff numbers \(full-time equivalent\) by role and by fire and rescue authority](#)' as at 31 March 2018.

Table 1102a: Total staff numbers (FTE) by role and fire authority – Wholetime Firefighters and table 1102b: Total staff numbers (FTE) by role and fire authority – Retained Duty System are used to produce the total number of firefighters.

Please consider the following points when interpreting outcomes from this data.

- We calculate these figures using full-time equivalent (FTE) numbers. FTE is a metric that describes a workload unit. One FTE is equivalent to one full-time worker. But one FTE may also be made up of two or more part-time workers whose calculated hours equal that of a full-time worker. This differs from headcount, which is the actual number of the working population regardless if employees work full or part-time.
- Some totals may not aggregate due to rounding.
- Dorset FRS and Wiltshire FRS merged to form Dorset and Wiltshire FRS on 1 April 2016. All data for Dorset and Wiltshire before 1 April 2016 is excluded from this report.

Percentage of female firefighters and black, Asian and minority ethnic (BAME) firefighters

We took this data from the Home Office fire statistics, '[Staff headcount by gender, fire and rescue authority and role](#)' and '[Staff headcount by ethnicity, fire and rescue authority and role](#)' as at 31 March 2018.

Please consider the following points when interpreting outcomes from this data.

- We calculate BAME residential population data from ONS 2011 census data.
- We calculate female residential population data from ONS mid-2017 population estimates.
- Dorset FRS and Wiltshire FRS merged to form Dorset and Wiltshire FRS on 1 April 2016. All data for Dorset and Wiltshire before 1 April 2016 is excluded from this report.

Annex B – Fire and rescue authority governance

These are the different models of fire and rescue authority (FRA) governance in England. Hampshire Fire and Rescue Service is a combined FRA.

Metropolitan FRA

The FRA covers a metropolitan (large urban) area. Each is governed by locally elected councillors appointed from the constituent councils in that area.

Combined FRA

The FRA covers more than one local authority area. Each is governed by locally elected councillors appointed from the constituent councils in that area.

County FRA

Some county councils are defined as FRAs, with responsibility for fire and rescue service provision in their area.

Unitary authorities

These combine the usually separate council powers and functions for non-metropolitan counties and non-metropolitan districts. In such counties, a separate fire authority runs the fire services. This is made up of councillors from the county council and unitary councils.

London

Day-to-day control of London's fire and rescue service is the responsibility of the London fire commissioner, accountable to the Mayor. A Greater London Authority committee and the Deputy Mayor for Fire scrutinise the commissioner's work. The Mayor may arrange for the Deputy Mayor to exercise his fire and rescue functions.

Mayoral Combined Authority

Only in Greater Manchester. The Combined Authority is responsible for fire and rescue functions but with those functions exercised by the elected Mayor. A fire and rescue committee supports the Mayor in exercising non-strategic fire and rescue functions. This committee is made up of members from the constituent councils.

Police, fire and crime commissioner FRA

The police, fire and rescue commissioner is solely responsible for the service provision of fire & rescue and police functions.

Isles of Scilly

The Council of the Isles of Scilly is the FRA for the Isles of Scilly.

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Standards and Governance Committee

Purpose: Noted

Date: **31 January 2019**

Title: **INFORMATION SECURITY UPDATE**

Report of Chief Fire Officer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

SUMMARY

1. The purpose of this report is to provide the Standards and Governance Committee with an update on the cyber-attack suffered by Hampshire Fire and Rescue Service (HFRS) on 21 August 2018.
2. This report also provides awareness of the new requirement under General Data Protection Regulations (GDPR) for Hampshire Fire and Rescue Service (HFRS) to report data breaches to the Information Commissioner's Office (ICO) that have been assessed as presenting a risk to individuals within 72 hours of HFRS becoming aware that the incident has taken place.
3. This report is to provide the Standards and Governance Committee of Hampshire Fire and Rescue Authority (HFRA) with assurance of the measures taken and that HFRS is managing any personal data breaches in compliance with data protection legislation.

BACKGROUND

4. Since 25 May 2018 there is a new requirement for public bodies under the GDPR to report, within 72 hours, any personal data breaches assessed as presenting a risk to individuals to the ICO.
5. The HFRS Governance and Compliance team will assess the level of risk associated with a breach in the light of the legislation and ICO guidance to determine whether an incident is reportable to the ICO.
6. As a result of this requirement there is a potential for an increase of reportable data breaches to the ICO. This is not indicative of more personal data breaches occurring but increased transparency due to the new requirement of reporting data breaches where required. Reporting personal data breaches that present a risk to individuals to the ICO is in compliance with the GDPR and Data Protection Act 2018.
7. If HFRS were to not report relevant data breaches to the ICO, the Service would be in contravention of the GDPR and Data Protection Act 2018.

DATA BREACH

8. A total of 21 HFRS employee accounts were accessed by an unknown party without authorisation in the Summer of 2018.
9. Of these 21 HFRS accounts, 30 documents were opened of which 6 contained some personal data.
10. This incident is believed to have been caused by phishing emails received by staff. The body of the emails referred to outstanding invoices, needing assistance to review documentation etc. They generally included an attachment which users were encouraged to open.
11. HFRS has not received any complaints in connection with this incident.
12. On the 24 August 2018 this data breach was reported to the ICO.

REMEDIAL ACTION

13. The cause of this data breach has been identified as a series of IT security failures including a lack of cyber security resource within HFRS, lack of and poorly performing security software solutions and security measures, such as simple passwords.
14. Action was taken immediately to shut down access to HFRS systems, force password changes on all accounts and implement enhanced security software to stop any further compromise of accounts and identify any malicious software within the HFRS network.
15. With the incident locked down, further tasks were undertaken to review and plan higher security standards and solutions that have been or are now being implemented.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

16. HFRS is committed to making Hampshire safer. HFRS takes the responsibility bestowed on us to process personal information very seriously and has made monitoring compliance with data protection legislation one of our priorities.

RESOURCE IMPLICATIONS

17. The Hampshire Fire and Rescue Authority (HFRA) approved in December 2018 to increase cyber security expertise within the ICT department.

18. HFRA also approved through the Medium Term Financial Plan, financial resources to implement improved IT security measures including those outlined within this report.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

19. There is no environmental and sustainability impact.

LEGAL IMPLICATIONS

20. The ICO can take regulatory action and fine HFRS up to £17M and affected individuals can take legal action against HFRS if we are found to be non-compliant with data protection legislation.

EQUALITY IMPACT ASSESSMENT

21. Compliance with Data Protection legislation is essential for HFRS to protect the human rights of our employees and members of the public.

OPTIONS

22. This report asks the Authority to note the information. This report provides the Authority with assurance that the Service is adhering to ICO requirements.
23. This report provides the Authority with relevant information to scrutinise the Service and the commitments it has made in relation to compliance with data protection legislation.

RISK ANALYSIS

24. HFRS operates a robust procedure for the investigation of personal data breaches. We are transparent with the ICO and data subjects (the individuals the information is about) regarding our compliance with data protection legislation. If HFRS were to not report personal data which present a risk to individuals to the ICO, the Service would be in contravention of the GDPR and Data Protection Act 2018.

CONCLUSION

25. The root cause of the breach has been identified and actions have been put in place to prevent a reoccurrence of a similar incident.
26. This report is to provide the Authority with assurance that HFRS is managing any personal data breaches in compliance with data protection legislation, including the new requirement under GDPR for HFRS to report

relevant data breaches to the ICO within 72 hours of the Service being made aware of them.

RECOMMENDATION

27. That this report be noted by Hampshire Fire and Rescue Authority Standards and Governance Committee.

Contact: Matt Robertson, Chief of Staff, matt.robertson@hantsfire.gov.uk
07918887532

Standards and Governance Committee

Purpose: Noted

Date: 31 January 2019

Title: **PHYSICAL DATA BREACH**

Report of Chief Fire Officer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

SUMMARY

1. The purpose of this report is to notify the Standards and Governance Committee of a physical data breach which occurred week commencing 22 October 2018.
2. This report also provides awareness of the new requirement under General Data Protection Regulations (GDPR) for Hampshire Fire and Rescue Service (HFRS) to report data breaches to the Information Commissioners Office (ICO) that have been assessed as presenting a risk to individuals within 72 hours of HFRS becoming aware that the incident has taken place.
3. This report is to provide the Standards and Governance Committee of Hampshire Fire and Rescue Authority (HFRA) with assurance of the measures taken and that HFRS is managing any personal data breaches in compliance with data protection legislation.

BACKGROUND

4. Since 25 May 2018 there is a new requirement for public bodies under the GDPR to report, within 72 hours, any personal data breaches assessed as presenting a risk to individuals to the ICO.
5. The HFRS Governance and Compliance team will assess the level of risk associated with a breach in the light of the legislation and ICO guidance to determine whether an incident is reportable to the ICO.
6. As a result of this requirement there is a potential for an increase of reportable data breaches to the ICO. This is not indicative of more personal data breaches occurring but increased transparency due to the new requirement of reporting data breaches where required. Reporting personal data breaches that present a risk to individuals to the ICO is in compliance with the GDPR and Data Protection Act 2018.

7. If HFRS were to not report relevant data breaches to the ICO, the Service would be in contravention of the GDPR and Data Protection Act 2018.

DATA BREACH

8. A personal bag, belonging to a member of HFRS, containing HFRS documentation including personal data has been reported as missing and is believed to have been stolen, during the week of 22 October 2018, from a personal vehicle during out of office hours. The incident was reported to the HFRS Data Protection Officer (DPO) within the Governance and Compliance team as per the internal breach reporting procedure.
9. The bag contained documents relevant to the employee's role as a Fire Safety Investigator. The documents lost are as follows (however this list may not be exhaustive):
 - Contemporaneous notebook
 - Investigator's notebook for a Legal Action case file
 - Authorised inspectors warrant
 - Notes from various management meetings attended
10. After the incident was reported, the DPO undertook an investigation into this incident, and on the 7 November 2018, this data breach was reported to the ICO

REMEDIAL ACTION

11. The cause of this data breach was an individual taking HFRS documentation containing personal information off site, and not securing it appropriately. The DPO has advised the team to obtain lockable briefcases for use when taking HFRS documents off site.
12. The DPO has therefore concluded that all appropriate steps have been taken to minimise any implications resulting from this incident.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

13. HFRS is committed to making Hampshire safer. HFRS takes the responsibility bestowed on us to process personal information very seriously and has made monitoring compliance with data protection legislation one of our priorities.

RESOURCE IMPLICATIONS

14. There are no additional resource implications and no additional cost to the Service. The work is currently carried out as part of the Governance and Compliance team to investigate personal data breaches as part of business as usual.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

15. There are no environmental and sustainability impacts.

LEGAL IMPLICATIONS

16. The ICO can take regulatory action and fine HFRS up to £17M and affected individuals can take legal action against HFRS if we are found to be non-compliant with data protection legislation.

EQUALITY IMPACT ASSESSMENT

17. Compliance with data protection legislation is essential for HFRS to protect the human rights of our employees and members of the public.

OPTIONS

18. This report asks the Standards and Governance Committee to note the breach information outlined within this report. This report provides the Standards and Governance Committee with assurance that the Service is adhering to ICO requirements.
19. This report provides the Authority with relevant information to scrutinise the Service and the commitments it has made in relation to compliance with data protection legislation.

RISK ANALYSIS

20. HFRS operates a robust procedure for the investigation of personal data breaches. We are transparent with the ICO and data subjects (the individuals the information is about) regarding our compliance with data protection legislation. If HFRS were to not report personal data which present a risk to individuals to the ICO, the Service would be in contravention of the GDPR and Data Protection Act 2018.

CONCLUSION

21. The data breach outlined within this report is believed to be an isolated incident and no inherent trends have been identified.
22. The root cause of the breach has been identified and actions have been put in place to prevent a reoccurrence of a similar incident.
23. This report is to provide the Authority with assurance that HFRS is managing any personal data breaches in compliance with data protection legislation, including the new requirement under GDPR for HFRS to report relevant data breaches to the ICO within 72 hours of the Service being made aware of them.

RECOMMENDATION

27. That this report be noted by Hampshire Fire and Rescue Authority Standards and Governance Committee.

Contact:

Matt Robertson, Chief of Staff, matt.robertson@hantsfire.gov.uk, 07918887532.