



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

ANNUAL GOVERNANCE STATEMENT

2017/2018

FOR

HAMPSHIRE FIRE AND RESCUE AUTHORITY

Annual Governance Statement for Hampshire Fire and Rescue Authority

1. Scope of Responsibility

Hampshire Fire and Rescue Authority (the Authority) is responsible for ensuring that:

- its business is conducted in accordance with the law and to proper standards;
- public money is safeguarded and properly accounted for, and used economically, efficiently and effectively;
- pursuant to the Local Government Act 1999 it secures continuous improvements in the way in which its functions are exercised, having regard to a combination of efficiency, effectiveness and economy; and
- there is a sound system of internal control which facilitates the effective exercise of the Fire Authority's functions and which include arrangements for the management of risk.

This Annual Governance Statement explains how the Authority meets with the requirements of the Accounts and Audit (England) Regulations 2015, and complies with the principles contained in the Delivering Good Governance in Local Government Framework in 2016 edition.

2. The purpose of Corporate Governance

The governance framework comprises the systems and processes, and cultures and values, by which the Hampshire Fire and Rescue Service is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievement of its priorities and to consider whether they have led to the delivery of appropriate, cost effective and efficient services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve its aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of the Authority's priorities. It evaluates the likelihood of those risks being realised and the impact should they be realised, to manage them efficiently, effectively and economically.

The governance framework was in place at Hampshire Fire and Rescue Authority for the year ending 31 March 2018 and up to the date of approval of the Statement of Accounts.

3. Core Principles of good governance

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

- 3.1.1 The Fire Authority took a proactive approach in reviewing its governance arrangements during 2015/16 and has been operating under a new structure and arrangements for a year. The aim of the review was to ensure the Authority is in the best position to continue to lead Hampshire Fire and Rescue Service in delivering excellent quality services to the residents of Hampshire whilst remaining resilient and responsive to challenges in the future. The new shaped Authority, which comprises of 10 members, is more agile and already demonstrating more effective leadership. The Police and Crime Commissioner (PCC) attends Authority meetings and has the ability to speak on items on the agenda. The new structure and arrangements have resulted in a more strategic and business focus from the Authority with improved Member engagement and scrutiny.
- 3.1.2 The key policies that set out the scope of authority for Members and explain the delegation to Officers is detailed in the Scheme of Delegation, Contract Standing Orders and Financial Regulations which are contained within the Authority's Constitution. Both Members and staff are aware of their responsibilities within these policies. The Scheme of Delegation and Financial Regulations were reviewed as part of the Authority's Governance Review and combined into one single document, "The Constitution". The Authority approved The Constitution at their AGM in June 2017.
- 3.1.3 The organisation's values are embedded in our ways of working. These values are underpinned by the Leadership Framework and a range of policies and procedures including Codes of Conduct for Members which is included within The Constitution and for staff, the registers of interests, gifts and hospitality and Code of Conduct.
- 3.1.4 The Authority is committed to the highest ethical standards. A Code of Corporate Governance is included within The Constitution. The Code of Corporate Governance demonstrates a comprehensive commitment on the part of the Authority to accountability, integrity, ethical values and the rule of law.
- 3.1.5 Senior Management have the relevant professional external networks and expertise to identify the impacts of new legislation. Legal advice is also provided to ensure the Authority continues to comply with legislation and regulation.
- 3.1.6 The Service has reviewed its internal governance structures and set up several internal boards to oversee key areas such as performance, risk management, resilience and assurance, our people and physical assets (vehicles and estates). These boards provide extra scrutiny on behalf of the Chief Officer's Group and Executive, to which they report on a regular basis.
- 3.1.7 A Policy Framework has been developed and approved and is currently being implemented.

3.2 Ensuring openness and comprehensive stakeholder engagement.

- 3.2.1 The Authority's Service Plan 2015-2020 sets out our aim to be the best fire and rescue service in the country and vision to work smarter, be more

efficient, and to make life safer for everyone in Hampshire. It contains clear strategic Priorities. The Plan is on the Authority's website and available to stakeholders electronically and in paper format (upon request).

- 3.2.2 The Authority operates in an open and transparent way. It complies with the Openness of Local Government Bodies Regulations 2014. The Authority's meetings are open to the public, and its papers and decisions are available through our website (save for individual items of a sensitive nature properly considered in confidential session). In addition, Authority meetings are live-streamed to enable staff and the public better access to view decision making.
- 3.2.3 Clear guidance and protocols on decision making, effective arrangements for the approval of exempt reports and a revised template for reports and decisions ensures that the Authority takes decisions in public when appropriate and after full consideration of relevant information.
- 3.2.4 The Authority enjoys a constructive relationship with the Trade Unions and Associations representing staff groups within the Service, through which meaningful consultation and negotiation on service issues takes place.
- 3.2.5 Public consultation to listen to stakeholders and inform decision making is undertaken where required and expected. Extensive consultation was undertaken during the Authority's Risk Review which was the most comprehensive integrated risk review the Service has carried out in recent years. The consultation process for the proposals enabled our staff, the public and other stakeholders to have their say on how their fire and rescue service should operate in the future. The process was quality assessed by the Consultation Institute and found to have conformed to best practice.
- 3.2.6 Hampshire Fire and Rescue Authority has a long history of collaborative working with partner agencies. In particular, Blue Light Collaboration is governed by an Executive Board consisting of the chief officers and other senior leaders of Hampshire Constabulary, South Central Ambulance Service and Hampshire Fire and Rescue Service. The Board sets the strategic direction and oversees collaboration projects. The Chief Fire Officer reports progress to the Authority on a periodic basis.

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

- 3.3.1 Delivery of fire and rescue services and the associated community safety activity remains the Authority's core activity.
- 3.3.2 Our aim, vision and priorities are set out in the Hampshire Fire and Rescue Service Plan 2015-2020. The Plan sets out, for the benefit of our stakeholders, how the Authority:
 - Assesses the risks
 - Responds to changes and challenges, and
 - Sets priorities and targets for improvement
- 3.3.3 Our priorities and aims are clear and arranged under the themes of 'Making life safer' and 'Making our Service stronger'. They are called our 'Safer, Stronger' aims. These focus our resources to the relevant community risks, and our organisational improvements to support our service delivery to

ensure that we are efficient and effective. This Plan is underpinned by detailed plans and our corporate portfolio of projects. Progress against these plans is monitored through regular performance updates to Senior Management and the Authority. A Service Plan refresh was carried during the year. The refresh, which was approved by the Authority, enabled the opportunity to assess the deliverables of the Safer Stronger aims to ensure they reflect the current operating environment.

- 3.3.4 People Impact Assessments (PIAs) are used to assess the impact of projects to inform decision making. These include assessments of equality, health and safety, environmental and financial impacts.
- 3.3.5 Equality Impact Assessments (EIAs) are used to identify any significant impact on people, and in particular, those who share a characteristic which is protected under equality law. EIAs are carried out for any significant project, process or strategic decision.

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

- 3.4.1 There are clear guidance and protocols for decision making. The involvement of legal and finance officers in all significant decisions of the Authority ensures that decisions are only made after relevant options have been weighed and associated risks assessed.
- 3.4.2 The budget setting process is well established and prioritises budgets and spending to achieve intended outcomes. In recent years, the budget setting process has focussed on the achievement of savings to meet reductions in Government grant funding. However, it is clear that financial resources are focussed to deliver the Authority's aims and priorities which underpinned continuous improvement.
- 3.4.3 Risks associated with the delivery of plans are detailed in Risk Registers held at strategic and project level. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation. The Strategic Risk Register was reviewed during the year and approved in February 2018. The review was carried out to ensure the risks on the register accurately reflect the current operational and organisation environment. The Authority approved the Strategic Risk Register and monitor it regularly through formal reporting.

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

- 3.5.1 The relationship between Members and Officers is established on a professional culture of mutual respect, trust and co-operation. Both uphold the principles set out in the Leadership Framework. A Member Officer Protocol has been developed to provide clarification around the two roles. The Member Officer Protocol is included within The Constitution.
- 3.5.2 Members receive thorough induction training and attend regular 'awareness' sessions on current topics which are delivered during the year. The topics are decided by Members with support from officers to ensure that decision-making is based on knowledge and understanding of the issues involved. Members receive copies of key internal staff communications. The Authority has a Member Development champion who supports and oversees the

development of Members in a number of ways, such as internal and external briefings and courses.

- 3.5.3 The Authority, its committees and the Chief Fire Officer have access to a full range of professional advisers to enable them to carry out their functions effectively and in compliance with statutory requirements. Some legal and democratic services are provided through service level agreements with Hampshire County Council. The Shared Service partnership with Hampshire County Council and Hampshire Constabulary provides a wide pool of professional advice for areas such as HR, finance and procurement.
- 3.5.4 The Service has a People Strategy which describes what is required of our people and provides clarity about what we will achieve to meet the changing needs and expectations of society and future opportunities for the delivery of services to our communities. The Service has also recently approved an Appointments and Promotions Policy to ensure clarity for staff over the process.
- 3.5.5 Hampshire Fire and Rescue Service regularly reviews the shape of its workforce against the context of its capacity and capability requirements to meet the needs of communities. This then informs a range of strategies such as recruitment, retention and people development in order to provide effective leadership and deploy appropriate resources to meet the needs of the Service.
- 3.5.6 A refreshed Performance Development Review Process provides a framework for staff and managers to meet to discuss and set goals. The system now focuses on individual contribution within a team approach with effective performance conversations at all levels. This is supported by the development of a culture of on-going coaching style conversations which focus upon high performance in all aspects of our work. Staff are held accountable for their own performance and how this contributes to the overall performance of their team. They are encouraged to use the range of learning opportunities that are available across the Service.
- 3.5.7 A Corporate Shared Services Workforce Development Learning Brochure has recently been created to deliver a variety of development programmes, tools and resources to help leaders, managers and staff feel supported in their roles.

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

- 3.6.1 The Authority operates a Risk Management Strategy, with oversight of the arrangements provided by the Risk, Resilience and Assurance Board, which reports to the Service Management Team.
- 3.6.2 Performance management is in place to measure progress against aims and priorities to prompt remedial action where appropriate. Our Service Performance Board adds improved scrutiny of the performance management process. The Authority has a framework for regularly monitoring its performance with timely and relevant information. The Service Management Team review our key performance indicators on a regular basis and the Chief Fire Officer holds Directors to account for performance of their areas of the Service. The Authority holds the Chief Officer to account and receives regular performance reports at its public meetings. It is worthy of note that the internal management structure for the Service will be developed over the

following financial year to improve efficiency, effectiveness and improve its ability to make communities safer.

- 3.6.3 We compare our performance to that of other fire and rescue services; for example, we make use of national benchmark information. This continues to show that we are performing well when compared with other similar fire and rescue services.
- 3.6.4 The Internal Audit Plan 2017/18 was developed to operate at a strategic level providing a value-adding, and proportionate level of assurance aligned to the Authority's key risks and objectives. This includes a regular review of the Service's risk management processes.
- 3.6.5 The internal audit plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an Anti-Fraud and Corruption Strategy and Policy. The Service's approach is to identify areas that could present greatest risk or where managers have identified indicators that improvement is needed.
- 3.6.6 The delivery of the resulting internal audit plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Service Management Team, having previously been viewed by the Directors group.
- 3.6.7 The Standards and Governance Committee has a clear 'Terms of Reference' providing an effective source of scrutiny, challenge and assurance regarding the arrangements for managing risk and maintaining an effective control environment. This Committee consider the delivery and outcomes of the internal audit plan, along with scrutinising the Services performance in delivering against agreed actions.
- 3.6.8 The Authority has strong financial management arrangements at both the strategic and operational level and consistently obtains unqualified opinions for its annual accounts and value for money assessments. The Section 151 Officer is the Chief Finance Officer and all formal significant financial decision making has the benefit of advice and review from this officer or his team.
- 3.6.9 Financial management in key risk areas across the Service focusses on activity and performance management alongside the budget management processes and the financial management framework throughout the Service is appropriately advised and supported by the Finance team.
- 3.6.10 Although financial management across the service continues to deliver effective results in what is essentially a low risk financial environment, there was a single project overspend in excess of £1m during 2017/18 that arose mainly due to lack of proper project management and appropriate escalation within the ICT transformation project. This overspend was investigated and transparently reported to Standards and Governance Committee and an action plan put in place to further strengthen financial management arrangements across the Service.
- 3.6.11 The Authority has a medium term financial plan to inform its corporate planning. This identifies the likely levels of funding available to the Authority, the cost of its current spending plans and the shortfall we are anticipating in future years resulting from reducing funding received as part of the Fire Funding Formula. It also provides information on the level and use of

reserves in transforming and improving the Service. The Authority has established a clear Financial Plan up to 2021 with the specific purpose of closing our predicted funding gap of £3.4m by 2021/22, based on the best information available to it. The medium term financial plan is overseen and monitored by our Service Management Team and is regularly formally reported to the Authority at its public meetings.

- 3.6.12 Financial planning and management is fully integrated with, and driven by, the corporate planning and monitoring processes set out above. This includes processes for the forward planning of expenditure, consultation on budget proposals, setting and monitoring income and budgets, and the completion of final accounts.
- 3.6.13 The Treasury Management Strategy is reviewed regularly and approved by the Authority annually with the budget.

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

- 3.7.1 The 'Internal Audit Charter' is presented annually for approval by the Standards and Governance Committee. The purpose of the Internal Audit Charter is to formally define its purpose, authority, and responsibility. The Chief Internal Auditor has direct access to elected Members of the Authority and those who serve on the Standards and Governance Committee.
- 3.7.2 The on-going work of internal audit is presented through twice yearly progress reports to the Standards and Governance Committee providing an overview of Service performance. It considers delivery against the plan and the progress made by the Service in the implementation of management actions that have been agreed to mitigate risks identified through internal audit work.
- 3.7.3 Where appropriate, internal audit will gain assurances from third parties to contribute to their overall assurance opinion.
- 3.7.4 Representatives of External Audit routinely attend Standards and Governance Committee meetings and present External Audit reports. Any recommendations for corrective action detailed within Internal or External Audit reports are highlighted to Members.
- 3.7.5 Financial reporting complies with relevant statute, codes and good practice guidance. Financial and performance information are reported consistently throughout the year. Where relevant and appropriate, performance comparisons are made to other organisations.

4 Obtain assurances on the effectiveness of key controls

- 4.1 Key controls relating to risks, internal control (including financial management) and governance processes are identified by senior managers as part of the governance framework and recorded on an annual return (assurance statement). Risks are included in strategic and project risk registers. Internal Audit, as part of its planned review of internal controls, regularly evaluates the key controls to determine their adequacy and carries out tests to confirm the level of compliance. An audit opinion on effectiveness is provided to management and any actions for improvement to be agreed.

- 4.2 The Service have been preparing for the new General Data Protection Regulations (GDPR) which come into effect in May 2018 and will be ensuring that all staff and Authority Members have appropriate awareness and training sessions.
- 4.3 Hampshire Fire and Rescue Authority prides itself on being a professional learning organisation that actively seeks challenge and review.
- 4.4 In November 2015, the Authority underwent the Local Government Association's (LGA) Fire Peer Challenge, as part of sector led improvement. In January 2017, the Peer Challenge team was invited back to the Service to review our progress in implementing the improvements to which it had committed.
- 4.5 In readiness for an inspection from Her Majesty's Inspectorate of Constabulary's and Fire and Rescue Services (HMICFRS), the Service have conducted a gap analysis to ensure we are prepared for inspection and learn from the outcomes.
- 4.6 Other external reviews include the following:
- ISO27001 Information Security Audit accreditation meaning that HFRS are compliant to the internationally recognised information security standard.
 - A Home Office review of arrangements for our Public Sector Network.
 - The LGA was used to help with the HFRA Governance Review.
 - Hampshire Safeguarding Board's review of our safeguarding arrangements.
 - An external independent review, facilitated through the NFCC, was conducted for its ICT Transformation Project.

5 Evaluate assurances and identify gaps in control/assurance

- 5.1 One of the key elements of the Corporate Governance regime and the production of the Annual Governance Statement is the methodology applied to obtain the necessary assurance. This has included:
- a self-assessment assurance statement being sent every year to members of Senior Management.
 - consultation with other relevant officers throughout the Service.

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

6 2017/18 action plan to ensure continuous improvement of the system of corporate governance

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

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

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

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

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

Declaration

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

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

Signed:

Chief Officer

Date:

Signed:

Chairman

Date: