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**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

NOTICE OF MEETING

<i>Meeting</i>	HIWFRA Standards and Governance Committee	<i>Clerk to the Hampshire & Isle of Wight Fire and Rescue Authority</i> CFO Neil Odin
<i>Date and Time</i>	Tuesday, 16th November, 2021 10.00 am	<i>Fire & Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	Meeting Room X - Fire & Police Shared HQ, Eastleigh	
<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 PREVIOUS MEETING** (Pages 3 - 6)

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 **OPTED IN AUTHORITY - PUBLIC SECTOR AUDIT APPOINTMENTS LIMITED** (Pages 7 - 20)

For the Committee to receive a report of the Chief Financial Officer regarding Public Sector Audit Appointments.

7 **MCCLOUD AGE DISCRIMINATION REMEDY - IMMEDIATE DETRIMENT FRAMEWORK** (Pages 21 - 26)

For the Committee to receive a report of the Chief Financial Officer on the McCloud Age Discrimination Remedy - Immediate Detriment Framework.

8 **INTERNAL AUDIT PROGRESS REPORT 2021/22** (Pages 27 - 42)

For the Committee to receive a report of the Chief Internal Auditor which provides an overview of internal audit work completed in accordance with the approved audit plans and an overview of the statuses of 'live' reports.

9 **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT** (Pages 43 - 50)

For the Committee to receive a report of the Chief Fire Officer on the progress made towards the implementation of internal audit management actions.

10 **ORGANISATIONAL RISK REGISTER UPDATE** (Pages 51 - 84)

For the Committee to receive a report of the Chief Fire Officer providing a regular update on the Organisational Risk Register.

ABOUT THIS AGENDA:

This agenda is available through the Hampshire & Isle of Wight 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.

Agenda Item 3

AT A MEETING of the HIWFRA Standards and Governance Committee held at
Fire and Police HQ, Eastleigh on Wednesday, 29th September, 2021

Chairman:

* Councillor Liz Fairhurst

Vice-Chairman

Councillor David Fuller

* Councillor Jonathan Glen
Councillor Ian Stephens

* Councillor David Harrison

* Present

13. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor David Fuller.

14. **DECLARATIONS OF INTEREST**

Members were mindful of their duty to disclose at the meeting any Disclosable Pecuniary Interest they had in any matter on the agenda for the meeting, where that interest was not already in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

No interests were declared.

15. **MINUTES OF PREVIOUS MEETING**

The minutes of the previous meeting held on the 26 July 2021 were reviewed and agreed.

16. **DEPUTATIONS**

There were no deputations for the meeting.

17. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

18. **EXTERNAL AUDIT RESULTS 2020/21**

The Chairman varied the order of business on the agenda to consider Item 7 before Item 6. The Committee received a report of the External Auditor on the External Audit Results 2020/21 (Item 7 in the Minute Book).

Officers from Ernst & Young (EY) introduced their report and outlined key issues. It was confirmed that the purpose of the report was to provide the Committee

with the key findings of the audit of the Hampshire Fire and Rescue Authority's financial statements for the year ended 31 March 2021, before the successor Hampshire and Isle of Wight Fire and Rescue Authority took effect. EY confirmed that the audit was now complete, and would be in a position to give an unqualified opinion.

Officers presented the report and confirmed that there were no issues connected to misstatements due to fraud or error for the year. In relation to the opening balances of PPE, it was heard that an error of £5million had been agreed and adjusted by management for the final accounts. Following on from the date of the report, for valuation of land and buildings, it was noted that in relation to assets that had not been revalued in year, an additional £464,000 of overstated land assets had been identified, and an overstatement of £120,000 had been noted in relation to land that had been revalued in year. These would not be adjusted for in the final accounts as EY had agreed with management this was immaterial.

Page 149 of the agenda pack set out the area of pension liability valuation, and it was confirmed to Members that this work was now complete. The area of going concern was explained, and it was heard that there was no risks or issues arising in this area. Officers confirmed that in relation to land assets, there had been no adjustment and this was within a reasonable margin of error and estimate. The valuation of land assets also had to comply with International Financial Reporting Standards (IFRS)

In response to a question querying acronyms used, it was noted that IAS was International Accounting Standards, and ISA was International Standards on Auditing. The definition of 'Materiality' was also explained, which related to margin of error in audit checks.

RESOLVED:

That the Committee receives and notes the External Auditor's Audit Results Report for the year ended 31 March 2021.

19. **STATEMENT OF ACCOUNTS 2020/21**

The Committee received a report of the Chief Financial Officer on the Statement of Accounts (Item 6 and Appendix A to Item 6 in the Minute Book). The Committee also considered the draft Letter of Representations (Appendix B to Item 6 in the Minute Book)

The report was presented to the Committee, and it was heard that officers had worked to ensure that they met the extended statutory deadline of the 30 September 2021 for approval and publication of the Statement of Accounts. It was noted that the accounts for 2020/21 reflected the financial position of Hampshire Fire and Rescue Authority up to the 31 March 2021, which was before the Combination Order took effect. Next year's 2021/22 accounts would reflect the financial position of Hampshire and Isle of Wight Fire and Rescue Authority.

In response to questions, Members heard that the reserve balance of the Authority was based on judgement rather than a formulaic approach and there should always be an appropriate level of reserves. Officers also explained the use of prudential borrowing and the lack of capital investment from government.

In relation to future rises in interest rates, it was explained that officers build in interest rate assumptions to future budget projections, as well as examining the approach to borrowing and potential risks. Officers confirmed that the accounts were in a position to be approved, with no minor amendments needed prior to publication.

RESOLVED:

- i) That the Statement of Accounts for 2020/21 (draft) attached at Appendix A be approved subject to any final amendments reported at the meeting.
- ii) That the Chief Financial Officer be given delegated authority to approve any minor amendments to the Statement of Accounts prior to publication.
- iii) That the Letter of Representations (draft) attached at Appendix B be considered and signed by the Chairman on behalf of the Committee.

Chairman,

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**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Standards and Governance Committee

Purpose: Approval

Date: **16 NOVEMBER 2021**

Title: **Opted in Authority – Public Sector Audit Appointments Ltd**

Report of Chief Financial Officer

SUMMARY

1. The Local Audit and Accountability Act 2014 requires local authorities (including fire authorities) to appoint an external independent auditor. This must be done no later than 31 December in the financial year prior to the year to be audited. The appointment may last for more than one year, but a new appointment must be made at least once every five years.
2. The accounts of the Authority are currently audited by EY. This appointment was made through Public Sector Audit Appointments Limited (PSAA), an 'appointing person' specified by the Secretary of State. The Authority agreed to opt-in to this arrangement rather than conducting its own procurement and appointment exercise.
3. The current contract will conclude with the audit of the 2022/23 accounts, however due to timescales set by PSAA, the governance requirements under the Local Audit and Accountability Act 2014, and procurement lead-in times, the Authority must decide by 11 March 2022 whether to again opt-in to PSAA's arrangements for the 5-year period commencing April 2023.
4. A decision to opt-in will effectively be the appointment decision and in accordance with the Local Audit and Accountability Act, that decision must be made by Full Authority.
5. To appoint an auditor outside of the PSAA scheme, the Authority would need to set up an auditor panel comprising a majority of independent members

and run a procurement exercise. This could be individually or in collaboration with other local authorities.

6. Opting-in to the PSAA scheme has the potential to reduce costs to the Authority. The up-front procurement costs would be shared with other authorities opting-in to the arrangements and the larger contract value should allow audit firms to offer lower fees. In addition, there would be no need to set up and service a local auditor panel and the contract would be administered by the PSAA, with local agreement regarding timescales and approach for each audit assignment. The disadvantages are that authorities that opt-in will do so before knowing contract prices and will have no direct involvement in choosing auditors, as they will be appointed by PSAA. Fees throughout the life of the contract will be agreed by the PSAA, although authorities can provide comments.
7. Conducting an individual or joint auditor procurement and appointment exercise outside of the PSAA's scheme would allow the Authority to have local input into the appointment of its auditor (although the auditor panel would have to comprise a majority of independent members). The Authority would incur the costs of recruiting and servicing the auditor panel as well as the costs of running a procurement exercise and managing contractual arrangements. The lower contract value may also lead to increased audit fees. In addition, the Authority's accounts are produced by the same team producing the accounts for the partner organisations Hampshire County Council, Hampshire Constabulary and the Police and Crime Commissioner for Hampshire and currently benefit from economies of scale where all partners are audited by the same firm. There is a risk that this benefit could be lost if different auditors are appointed by any of the partners.
8. Working jointly with other authorities through a joint exercise could mean costs are reduced as they would be shared across the participating authorities. This approach would however also bring additional complexity and result in decision making being further removed from local input.

BACKGROUND

9. The Local Audit and Accountability Act 2014 (the Act) abolished the Audit Commission and led to the establishment of transitional arrangements for the appointment of external auditors. These transitional arrangements were put in place to cover the period up to and including the audit of the accounts for 2017/18 and resulted in Ernst & Young LLP being appointed as the Authority's external auditors for this period. This appointment was made under a contract let by the Audit Commission and then managed by Public Sector Audit Appointments Limited (PSAA).

10. The Authority then made the decision to opt-in to the PSAA scheme for the sector-led appointment of auditors and Ernst & Young LLP (EY) were appointed by PSAA for the period beginning with the audit of the 2018/19 accounts and concluding with the audit of the accounts for 2022/2. 484 of 493 eligible bodies (98%) opted to join the PSAA scheme for this period.
11. Although the existing arrangements will be used for the audit of the Authority's accounts for the 2021/22 and 2022/23 financial years, the governance requirements under the Act, opt-in deadlines set by PSAA, and the lead in times associated with the procurement and appointment of auditors means that it is now time to review options for the period beginning in April 2023 and for the Standards and Governance Committee to recommend an approach to Full Authority.
12. It is also worth noting that the Authority's accounts are prepared through the shared services partnership by the same finance team that prepares accounts for the partner organisations Hampshire County Council, Hampshire Constabulary and the Police and Crime Commissioner for Hampshire.
13. All partners opted-in to the PSAA arrangements for 2018/19 to 2022/23 and are currently audited by the same audit firm (EY) and use the same financial systems. This has enabled the Authority to benefit from economies of scale in the external audit process. All partners have the same deadline to decide whether to opt-in to the PSAA scheme for the period from April 2023.

Requirements under the Local Audit and Accountability Act 2014

14. The Local Audit and Accountability Act 2014 sets out that the accounts of a relevant authority must be audited in accordance with the Act by an auditor appointed in accordance with the Act. This appointment of an auditor must take place no later than 31 December in the year preceding the audit. An auditor may be appointed for more than one financial year, but a further appointment process must take place at least every 5 years. This does not prevent an authority from re-appointing an auditor at the end of a 5 year period.
15. There are three ways for a local authority to appoint an auditor under the Act:
 - (a) Undertake an individual auditor procurement and appointment exercise
 - (b) Undertake a joint auditor procurement and appointment exercise with other bodies

- (c) Opt-in to arrangements made through an ‘appointing person’ specified by the Secretary of State.
- 16. It is also worth noting, given recent challenges in the local audit market and the upcoming deadlines for appointing auditors for the 2023/24 accounts, that two consultations were conducted earlier in 2021 on local authority audit arrangements:
 - (a) MHCLG consulted on proposals to implement the recommendations from the independent Redmond Review of local authority financial reporting and external audit and are currently analysing feedback.
 - (b) PSAA consulted on proposals for arrangements for auditor appointments from April 2023 under the national opt-in scheme.
- 17. A joint response to each consultation was submitted by the shared services partners.
- 18. In response to the PSAA consultation, the importance of appointing a competent auditor at a reasonable price was stressed and it was questioned whether evaluating tenders on the basis of 80% quality and 20% price gave sufficient weighting to the price of the audit, given that all audits should be completed to the required legal and auditing standards by default. The efficiency gains to the shared services partners of appointing the same audit firm for all accounts produced by the finance team was also highlighted. In addition, the response noted the need to address issues with the timeliness of audit opinions being issued across the sector.
- 19. In responding to the MHCLG consultation, the response suggested a review of the external audit approach to assessing financial resilience, which currently seems more aligned to private sector cash flows and the going concern concept. This is less relevant to local authorities given the statutory nature of the authorities.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

- 20. This report deals with the statutory requirement to appoint auditors in accordance with the Local Audit and Accountability Act 2014. It therefore links to the effective governance of the Authority and the role that this plays in the success of the Authority in delivering its safety plan and priorities.

COLLABORATION

21. The Authority is part of a shared services partnership with Hampshire County Council, Hampshire Constabulary and the Police and Crime Commissioner for Hampshire. The accounts of all partners are prepared by the same finance team and all partners use the same finance system, which brings economies of scale. The same audit firm (EY) audits all partners under the current contract following appointments through PSAA's scheme. This brings advantages to the Authority in the accounts and audit process.

RESOURCE IMPLICATIONS

22. This report addresses the statutory need to appoint local auditors in accordance with the Local Audit and Accountability Act 2014. The Authority does not therefore have the option to choose not to appoint an auditor.
23. Option 1 would require the Authority to incur costs in setting up and servicing and auditor panel and of running a procurement exercise. Under Option 2 these costs would also be incurred but with the potential to share costs with other authorities. There will also be resource costs in terms of officer and member time and the opportunity costs resulting from dedicating expert resource to a procurement and appointment exercise. If Option 3 is selected, procurement costs will be incurred by PSAA and shared across all participating authorities. For the existing contract 484 of 493 eligible bodies opted to join the PSAA scheme.
24. Fees payable to the appointed external auditor will not be known until a procurement exercise has been completed under any of the 3 options. It is anticipated that PSAA will offer greater economies of scale for audit firms and therefore be able to deliver lower fees under Option 3 than either of the other options, but this cannot be guaranteed and if the Authority is to opt-in to the PSAA scheme it must do so before contract prices are known.

IMPACT ASSESSMENTS

25. This report deals with the statutory requirement to appoint auditors in accordance with the Local Audit and Accountability Act 2014. The appointment process will be overseen by PSAA and will comply with any relevant legislation.

LEGAL IMPLICATIONS

26. The Authority is required to appoint a local auditor in accordance with the requirements of the Local Audit and Accountability Act 2014. All three options set out in this report are compliant with the requirements of the Act.

OPTIONS

27. Details of the three options available to the Authority for the appointment of auditors from April 2023 are set out below. The potential advantages and disadvantages of each option are then detailed in Table 1. Under all three options, the Authority can only appoint firms registered to conduct local audits.
28. Option 3 is the option that it is recommended the Standards and Governance Committee recommends to Full Authority for approval. This is because it is expected to give the Authority the best chance to minimise costs and secure the lowest audit fees. Given the well documented challenges within the local audit market the option of appointing auditors via a sector-led national scheme is likely to minimise the risk of a procurement process resulting in being unable to appoint a suitable audit firm. The PSAA will be able to appoint the same auditors as for the other shared services partners, assuming all opt-in to the scheme.
29. Options 1 and 2 are not recommended as they result in additional costs and burdens for the Authority in setting up and servicing an auditor panel and running a procurement exercise as well as the opportunity cost of diverting additional member and officer resource to the process without a commensurate additional benefit from this approach.

Option 1 – individual auditor procurement and appointment exercise

30. The auditor appointment arrangements under the Act allow local authorities to appoint their own auditors via an auditor panel, with a requirement to consult with the panel and take its advice into consideration in the selection and appointment of the auditor. The panel is also required to advise the authority on maintaining an independent relationship with its auditor.
31. An auditor panel must be made up of at least 3 members and a majority must be independent members, including the chair. The definition of independence is set out in the Local Auditor (Auditor Panel Independence) Regulations 2014 and includes a requirement that independent panel members have not been a member or officer of the authority within the last 5 years. Further criteria are detailed in Appendix A.
32. To enable the auditor panel to operate, the authority is required to provide information of relevance to the panel's work when requested and in addition members and officers are required to attend meetings of the panel to answer questions when asked. The Act also requires the authority to publish advice from its auditor panel, including details of whether or not advice has been followed and why.

33. The independent make-up of the auditor panel means that elected members will not have a majority input into assessing bids and choosing which firm is awarded the contract to audit the accounts of the Authority.
34. The regulations also allow the use of another authority's auditor panel, which removes the need to constitute a new auditor panel and may increase independence. This however requires finding another authority with an established auditor panel willing to enter into this arrangement. It may also make it more difficult to ensure the specific needs of the authority are understood by the panel and the logistics for members and officers to interact with the panel may be more challenging (although the use of technology may mitigate this to an extent).

Option 2 – joint auditor procurement and appointment exercise

35. The Act also allows a local authority to establish a joint auditor panel with other local authorities for the procurement and appointment of auditors. The requirements around the appointment of an auditor panel are the same as for Option 1, including the independence requirements.
36. The operational arrangements with this option will be more complex due to the need to set up and run an auditor panel jointly with multiple local authorities and the need to set up any associated contractual arrangements. There is also a need to find other authorities with the appetite to join such an arrangement.
37. There will also be procurement considerations to make, for example the decision as to whether to use a single tender process to procure a single contract for all bodies or whether instead to use a joint auditor panel but procure separately.

Option 3 – Opt-in to national scheme for auditor appointments through PSAA

38. The Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. The Authority therefore has the option to once again opt-in to this national scheme for auditor appointments.
39. PSAA issued its invitation to opt-in to this scheme in September 2021 alongside its scheme prospectus and procurement strategy. To opt-in the Authority must send its formal acceptance to PSAA by 11 March 2022.
40. PSAA's procurement strategy sets out that its primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at

a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

41. PSAA plans to enter into contracts with a number of audit firms to provide capacity across all opted-in bodies and to enable the management of auditor independence issues (e.g. where an audit firm already provides consultancy and advisory services to a local authority it should not also audit the authority's accounts). There is also an aim to grow the number of active suppliers in the market. The expectation is that contracts will be awarded by August 2022 and with further information available in the PSAA [scheme prospectus](#).
42. Under this option, the Standards and Governance Committee would recommend to Full Authority that it accepts the invitation to opt-in to the PSAA scheme for auditor procurement and appointment. A decision by Full Authority is required because this is effectively the appointment decisions for external auditors and must be made in accordance with the Local Audit and Accountability Act.

TIMESCALES

43. To exercise the option to opt-in to the national auditor appointment arrangements (Option 3) the Authority will need to inform PSAA by 11 March 2022. This is because of the lead-in time required to run a national procurement exercise. A decision to opt-in must be taken by Full Authority. If a recommendation to opt-in is taken by the Standards and Governance Committee, the minutes of this meeting along with a copy of this report will be passed to the Full Authority for a decision at the 14th December meeting.
44. If the Authority decides instead to appoint an auditor through either Option 1 or Option 2 (individual or joint procurement and appointment) then an auditor panel will need to be established and a procurement exercise will need to be run. Option 2 will also require the identification of other local authorities to create the joint auditor panel and agreement on any contractual and operational requirements. Any procurement exercise would need to be completed to allow the appointment of auditors no later than 31 December 2022 and the process would therefore need to commence as soon as possible if this decision was taken.
45. The partner organisations Hampshire County Council, Hampshire Constabulary and the Police and Crime Commissioner for Hampshire will also be making decision through their own governance arrangements about whether or not to opt-in to the PSAA scheme by 11 March 2022.

Table 1 – Advantages and disadvantages of the options available to the Authority

	Option 1 – Individual auditor procurement and appointment exercise	Option 2 – Joint auditor procurement and appointing exercise with other bodies	Option 3 – Opt-in to national scheme for auditor appointments through PSAA
Advantages	<ul style="list-style-type: none"> • Setting up an auditor panel allows the Authority to have local input into the appointment of its auditor (although the auditor panel must have a majority of independent members) • Able to set own procurement evaluation criteria rather than this being decided by PSAA (although must take advice from auditor panel) • Able to form a direct contract with the audit provider with the opportunity to agree contractual terms regarding performance and quality 	<ul style="list-style-type: none"> • Costs associated with setting up the auditor panel and running a procurement exercise can be shared across the local authorities involved with the joint process • May increase the chance to negotiate lower fees due to the larger combined contract value than for an individual procurement • Able to form a direct contract with the audit provider with the opportunity to agree contractual terms regarding performance and quality 	<ul style="list-style-type: none"> • Costs are shared across all authorities opting in to the arrangements • The larger contract value should allow audit firms to offer lower fees • Any conflicts at individual authorities would be managed by PSAA who would have a number of contracted firms to call upon • There is no need to set up a local auditor panel • The contract is managed by PSAA
Disadvantages	<ul style="list-style-type: none"> • Costs of recruitment and servicing of the auditor panel including expenses and allowances • Procurement costs to run a selection process and negotiate contracts • Lower contract value than other options reducing opportunities to negotiate lower fees, may result in higher audit fees • May result in the appointment of a different auditor from other partners¹ leading to loss of economies of scale within the finance team • The risk that the procurement process does not result in an appointable audit firm • Can only appoint firms registered for local audit so will not identify any additional suppliers to those available to the PSAA 	<ul style="list-style-type: none"> • Costs of recruitment and servicing of the auditor panel including expenses and allowances • Procurement costs to run a selection process and negotiate contracts • Decision making is further removed from local input. There may be a wholly independent auditor panel or there may be elected member representatives from each authority within an auditor panel that has a majority of independent members. • May lead to reduced control over the audit process if a joint contract is entered into • Potential for complications due to independence issues e.g. where an audit firm is currently or has recently carried out consultancy or advisory work for one of more of the councils conducting the joint procurement • Greater complexity of operational and contractual arrangements to set up and manage 	<ul style="list-style-type: none"> • Individual elected members have less opportunity for direct involvement in the appointment process • Authorities will need to opt-in before contract prices are known • Audit fees are agreed by PSAA not the Authority • The contract is managed by PSAA • Procurement evaluation criteria set by PSAA rather than the Authority (e.g. PSAA has defined a relative price:quality weighting of 20:80)

¹ Hampshire County Council, Police and Crime Commissioner for Hampshire, Hampshire Constabulary

RISK ANALYSIS

46. The main risk under each option is the inability to procure and appoint a suitable auditor in line with the requirements of the Local Audit and Accountability Act 2014. This risk exists because of well documented challenges in the local audit market. This risk is considered to be most effectively mitigated through Option 3 as the procurement and appointments will be managed by PSAA through a sector-led national appointments process under which PSAA are required to appoint auditors to all participating local authorities. Further mitigation is available through the current contractual arrangements whereby PSAA has the option to appoint auditors for two additional years under the existing contract.
47. Additionally, there is a risk that a different audit firm is appointed through Option 1 or Option 2 than for the other shared services partners, resulting in an inefficient accounts and audit process as there are currently benefits from the same team preparing the accounts for all partners using the same systems and the same audit firm. This risk is best mitigated through Option 3 whereby the PSAA can appoint the same audit firm for all the shared services partners.

EVALUATION

48. The effectiveness of the approach chosen to appoint a firm to audit the Authority's accounts will be evaluated on an ongoing basis throughout the life of the contract and will inform any decisions on future procurement and appointments. There is a statutory requirement to appoint auditors in accordance with the Local Audit and Accountability Act 2014.

CONCLUSION

49. This Authority must comply with the requirements of the Local Audit and Accountability Act 2014 in appointing independent external auditors.
50. There are three main routes available to local authorities in making these appointments, each of which bring their own advantages and disadvantages.
51. These advantages and disadvantages are summarised in Table 1 and need to be weighed up in making a decision on which route to recommend to Full Authority for the appointment of auditors for the 5 year period beginning April 2023.
52. Any decision to opt-in to the national scheme through Public Sector Audit Appointments Limited (PSAA) must be made by 11 March 2022. If the Authority does not opt-in to this scheme then it will need to appoint an

auditor panel and begin a procurement exercise to appoint auditors no later than 31 December 2022. This could be individually or jointly with other authorities.

53. It is recommended that the Standards and Governance Committee recommends to Full Authority that the Authority opts-in the the PSAA national scheme. This is because it is considered to be the option that:
- (a) best mitigates the risk of not being able to appoint a local auditor in accordance with the Local Audit and Accountability Act
 - (b) is the option that is most likely to result in the lowest audit fees
 - (c) offers the opportunity of avoiding costs (direct costs and opportunity costs) from an individual or joint auditor procurement and appointment process
 - (d) allows PSAA to appoint the same audit firm for each shared services partner and therefore mitigates the risk of a procurement process resulting in different firms being appointed by the partners (which would increase costs).

RECOMMENDATION

54. That the Standards and Governance Committee recommends to Full Authority that HIWFRA opts-in to the Public Sector Audit Appointments (PSAA) national scheme for the appointment of external auditors for HIWFRA for the 5 year period from April 2023

APPENDICES ATTACHED

55. Appendix A - Independence criteria for auditor panels

Contact: Catherine Edgecombe, Deputy Chief Financial Officer,
catherine.edgecombe@hants.gov.uk, 0370 779 1556

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Independence criteria for auditor panels

[The Local Audit \(Auditor Panel Independence\) Regulations 2014 \(legislation.gov.uk\)](http://legislation.gov.uk)

(2) A member of a relevant authority's auditor panel, other than a health service body's auditor panel, is "independent" at any given time if the following conditions are met—

- a) the panel member has not been a member or officer of the authority within the period of 5 years ending with that time (the "last 5 years"),
- b) the panel member has not, within the last 5 years, been a member or officer of another relevant authority that is (at the given time) connected with the authority or with which (at the given time) the authority is connected,
- c) the panel member has not, within the last 5 years, been an officer or employee of an entity, other than a relevant authority, that is (at the given time) connected with the authority,
- d) the panel member is not a relative or close friend of—
 - a. a member or officer of the authority,
 - b. a member or officer of another relevant authority that is connected with the authority or with which the authority is connected, or
 - c. an officer or employee of an entity, other than a relevant authority, that is connected with the authority,
- e) the panel member is not the authority's elected mayor,
- f) neither the panel member, nor any body in which the panel member has a beneficial interest, has entered into a contract with the authority—
 - a. under which goods or services are to be provided or works are to be executed, and
 - b. which has not been fully discharged,
- g) the panel member is not a current or prospective auditor of the authority, and
- h) the panel member has not, within the last 5 years, been—
 - a. an employee of a person who is (at the given time) a current or prospective auditor of the authority,
 - b. a partner in a firm that is (at the given time) a current or prospective auditor of the authority, or
 - c. a director of a body corporate that is (at the given time) a current or prospective auditor of the authority.

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**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Standards and Governance Committee

Purpose: Approval

Date: **16 NOVEMBER 2021**

Title: **McCLOUD AGE DISCRIMINATION REMEDY - IMMEDIATE DETRIMENT FRAMEWORK**

Report of Chief Financial Officer

SUMMARY

1. This report provides an update on the Immediate Detriment Framework (IDF) by way of a Memorandum of Understanding (MoU) issued jointly by the Local Government Association (LGA) and the Fire Brigade Union (FBU) on 8 October 2021.
2. The report recommends that the HIWFRA adopt the Immediate Detriment Framework as set out in this report and that this is approved by the HIWFRA Standards and Governance Committee.

BACKGROUND

3. Following the 2018 Court of Appeal judgement in Sargeant, an interim order was made by the Employment Tribunal on 18 December 2019 which provided that members who had brought claims (claimants) are entitled to be treated as if they remained in the 1992 Fire Pension Scheme, as long as they were in the scheme on 31 March 2012 and 31 March 2015.
4. On 21 August 2020 the Home Office issued a note of guidance on treatment of "Immediate Detriment" cases, that guidance was updated on 10 June 2021.
5. Immediate Detriment is the term used to refer to firefighters who will retire from the scheme before secondary legislation is in place to bring the age discrimination remedies outlined in Chapter 2 of the HM Treasury consultation response dated 4 February 2021.
6. There are two main categories of Immediate Detriment members
 - (a) Retrospective Remedy (those who have already retired)
 - (b) Prospective Remedy (those who will retire before the legislation is amended to bring in the Deferred Choice Underpin (DCU) remedy i.e. those who will retire before the long-term solution is in place)

7. On 12 February 2021 the Employment Appeal Tribunal (EAT) gave its judgement on the appeal based on the schedule 22 of the Equality Act. The EAT ruled against the Fire and Rescue Authorities (FRAs) essentially meaning that Immediate Detriment could be offered to all members and not just claimants of the original case.
8. In early 2021, HIWFRA adopted use of the Immediate Detriment guidance issued by the LGA and assessed individuals on a case-by-case basis using a matrix. HIWFRA agreed to offer Immediate Detriment to those members whose pension case was clear and straightforward and had not yet retired.
9. Up to October 2021, HIWFRA have processed 11 retirements for either tapered or unprotected members that were offered Immediate Detriment, 9 of whom elected for Immediate Detriment remedy to be applied to their retirement benefits.

MEMORANDUM OF UNDERSTANDING

10. On 8 October 2021, the LGA and the FBU issued a Joint Statement and published an MoU. Its purpose is to provide a framework under which members in scope can receive benefits prior to all remedying legislation being in force, therefore avoiding significant additional numbers of Immediate Detriment legal claims as a result of the Sargeant age discrimination case.
11. The IDF makes reference to two different types of members
 - (a) Category 1 (Cat 1) – Members who have not yet had their benefits brought into payment
 - (b) Category 2 (Cat 2) – Members who have retired and are already receiving their benefits
12. It is for each FRA as the relevant Scheme Manager within the Fire Pension Scheme to decide whether or not to adopt the IDF. FRAs are being encouraged to adopt the IDF particularly due to the breadth and complexity of members covered. The IDF will also provide a consistent approach across FRAs that choose to adopt it.
13. FRAs will need to consider their decision and consider the risks in terms of potential legal claims being brought by individuals should the FRA decide not to adopt the IDF.
14. Where a member receives remedy and or compensation under the IDF, under the terms of the MoU, the FBU will not provide any financial or other support to the member to bring legal action relating to such remedy and or compensation. They can, of course, back action where there is a dispute about whether the IDF has been applied correctly.
15. Under the terms of the MoU both the member and the FRA will need to sign a 'Record of Agreed Compensation', which will record the benefits to be provided

the member under the IDF. In addition, the Record also states that the benefits provided are in full and final settlement of the relevant issues noted in the Record, and the member agrees not to issue proceedings in respect of them, other than if there is a failure to abide by the agreement.

CONCLUSIONS

16. The earlier work carried out on some Immediate Detriment cases has informed HPS about the necessary work involved with the manual calculations, meaning that any extension of IDF should be manageable.
17. The bulk data that is required for Fire Pensions remedy is in the process of being collated by the IBC Pensions Administration team and will be available very shortly. This will alleviate some of the time pressures that are currently in place due to the complexity and volume of data that is required.
18. HIWFRA has proven that it wants to provide remedy to members by already offering Immediate Detriment to prospective retirements. It has worked closely with Hampshire Pension Services to put in place processes and spreadsheets to aid with the complex manual calculations that are required to provide the necessary information to members.
19. It is considered that adoption of the IDF offers the best outcome and lowest risk for the Authority and affected members, and it is therefore recommended that this option is approved.

PROPOSED IMMEDIATE DETRIMENT FRAMEWORK PROCESS

20. On the basis that IDF is adopted a proposed process has been developed.
21. The member, whether Cat 1 or Cat 2, will be required to complete an application form and to submit it via email to the FRA. The application will be checked to see if it meets the criteria of the IDF. Within 14 calendar days, the member will receive an acknowledgment and confirmation if their application has been accepted or not under the IDF.
22. Within 62 calendar days of the application, the member will receive their options with regard to Immediate Detriment, i.e. one set of benefits under the legacy scheme and one set of benefits under the reformed scheme. They will also receive information about the difference in employee contributions along with details of any Annual Allowance issues. The information pack will contain the Record of Agreed Compensation form.
23. Where the member will be required to pay amounts due, where possible these will be deducted from any lump sum due. If this is not possible, then a payment plan will be set up with the member. Where there are tax charges due e.g. due to Annual Allowance, then the member will be informed about their options to elect for Scheme Pays.

24. Where the member is due a refund, this will be paid to the member in the form of compensation at the time of paying the benefits.
25. Where the member is a Cat 1 member, their retirement will be processed in line with the normal timescales and only once they have signed and returned their Record of Agreed Compensation form, completed their retirement declaration form and they have handed in their notice to their line manager and the leaver form is received by Hampshire Pension Services.
26. Where the member is a Cat 2 member, their retirement benefits will be adjusted, and any arrears due paid to them within 28 days of their signed Record of Agreed Compensation form and their additional election form being received by Hampshire Pension Services.

RISKS

27. Effective communication with members will be critical to a successful outcome. It will be important to ensure that Hampshire Pension Services are not overwhelmed by an influx of applications from members at the same time given the timeframe for case management. Accordingly, HIWFRA will need to work closely with both Hampshire Pension Services and the FBU to ensure that an effective communication plan can be achieved.
28. Should there be an influx of applications, then it may not be possible for Hampshire Pension Services to meet the strict timescales as designated with the IDF. HIWFRA will therefore need to keep an open dialogue with the FBU including the number of cases and possible issues to maintain good relationships and to avoid future claims for non-compliance of the IDF being brought against HIWFRA.
29. HIWFRA will work closely with Hampshire Pension Services to keep on top of cases and potential issues. Hampshire Pension Services also provide the pension administration for other organisations, who each will have their own decisions on Immediate Detriment and overall it could mean that resources within Hampshire Pension Services are significantly pressured with either timescales or the number of cases.
30. It is likely that additional resources may be required, where this is the case then HIWFRA will need to liaise with Hampshire Pension Service and where appropriate, pay for these as they arise. Requirements for additional resources will be brought to Executive Group for approval.

CONSULTATION

31. This report has been shared with HIWFRA Hampshire Firefighters Pension Board for input and information.

RECOMMENDATION

32. That the adoption of the Immediate Detriment Framework as set out in this report is approved by the HIWFRA Standards and Governance Committee.

Contact:

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Standards & Governance Committee



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

Purpose: Noted

Date: 16 November 2021

Title: **INTERNAL AUDIT PROGRESS REPORT 2021/22**

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 plans, and
 - 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 plans;
 - 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 report attached at Appendix A summarises the activities of internal audit for the period ending October 2021.

SUPPORTING OUR SAFETY 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 2021/22 plan was prepared on the basis of audit need and agreed with senior managers and endorsed by Hampshire & Isle of Wight Fire & Rescue Authority (Shadow Authority), 10 February 2021, 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 and Isle of Wight Fire and Rescue Authority.

IMPACT ASSESSMENTS

8. Impact assessments have not been required for this report as the production of the report will not result in the implementation of a new change activity, and/or introducing, or amending, a Service Policy.

LEGAL IMPLICATIONS

9. There are no legal implications arising from this report.

OPTIONS

10. The options are that the progress in delivering the internal audit plan for 2021/22 and the outcomes to date are noted, or not noted, by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

EVALUATION

11. Internal audit activity provides the Authority with an assurance mechanism to evaluate the effectiveness of the Service's risk management, control and governance processes.

RISK ANALYSIS

12. 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

13. The appendices outline the progress made in delivering the internal audit plan for 2021/22 and the issues arising to date.

RECOMMENDATION

14. That the progress in delivering the internal audit plan for 2021/22 and the outcomes to date be noted by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

APPENDICES ATTACHED

Appendix A: [Internal Audit Progress Report 2021/22.](#)

Contact: Karen Shaw, Chief Internal Auditor, Karen.Shaw@hants.gov.uk,
07784 265138

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Internal Audit Progress Report 2021/22

November 2021

Hampshire and Isle of Wight Fire and Rescue Authority: Standards and Governance
Committee



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	7
6.	Planning and resourcing	7
7.	Rolling work programme	8
8.	Adjustments to the Plan	11

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 [the Standards – updated 2017].

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 and Isle of Wight 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 the Hampshire and Isle of Wight Fire and Rescue Authority that these arrangements are in place and operating effectively.

The Hampshire and Isle of Wright Fire and Rescue Service’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

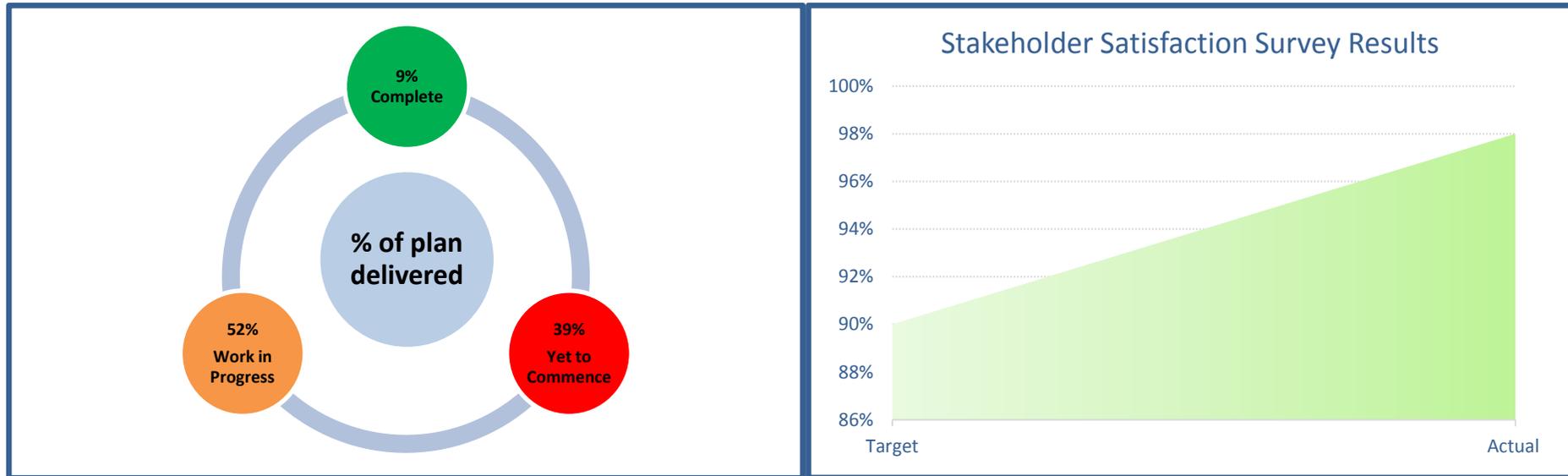
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due*	Complete*	Overdue		
							L	M	H
Pay Claims	16.05.19	H of F	Limited	17 (0)	0 (0)	15 (0)		2	
Assurance of the Competence of Operational Response Capability	27.07.21	D of O	Limited	8 (4)	0 (0)	7 (4)		1	
ICT Contract Management**	24.08.21	D of CS	Reasonable	6 (0)	0 (0)	6 (0)			
Total				31 (4)	2 (0)	26 (4)	0	3	0

*Total number of actions (total number of high priority actions)

** Audits where all actions have been cleared since our last report.

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

There have been no new limited reports since our annual report was presented in July.

6. Planning & Resourcing

The internal audit plan for 2021-22 was presented to Executive Group and the Hampshire & Isle of Wight Fire & Rescue Authority (Shadow Authority), 10 February 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Authority. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Fire Audit Plan 2020/21 – carry forward								
ICT Contract Management	D of CS	✓	✓	✓	✓	✓	Reasonable	
Shared Services Audit Plan 2020/21 – carry forward	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships							
Casual Staff	Shared Services	✓	✓	✓	✓	✓	Reasonable	
Fire Audit Plan 2021/22								
Referral Pathways	D of O	✓	✓	✓	✓			Q1
Compliant Management of Fleet	D of CS	✓	✓	✓	✓			Q1 Draft report issued 2.11.21
Cyber Security – Patch Management	D of CS	✓	✓	✓				Q1 Testing delayed due to client staff absence.
Maintenance of Competency – Prevention and Protection	D of O	✓	✓	✓				Q2
GDPR and Data Protection Compliance	D of CS	✓	✓	✓				Q2
ICT Project Management	D of CS	✓	✓	✓				Q2 close of audit 04.11.21
Risk Management	D of PP&A							Q4
Business Continuity	D of PP&A	✓						Q3
IT Change Management	D of CS	✓						Q3
Data Quality	D of PP&A							Q3 Scoping booked for 11.11.21
DBS Checks	D of P&OD							Q3 Scoping booked for 3.11.21
IT User Access	D of CS							Q4

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Property and Facilities – Statutory Compliance Works	D of CS							Q4
Proactive Pay Claims and fraud work	D of P&OD							Q4
NFI	D of PP&A	N/A	N/A	✓				Q1-4
Follow Up work	Various							Q4
Shared Services Audit Plan 2021/22 – carry forward	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the HIWFRS DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships							
Recruitment (Success Factors)	Shared Services	✓	✓	✓	✓			Q1
Procurement (General)	Shared Services	✓	✓	✓	✓	✓	Substantial	Q1
Cleaning Contract Management	Shared Services	✓	✓	✓				Q1
Pay Review and Award Process	Shared Services							Q4
Procurement Cards	Shared Services	✓	✓	✓				Q2
PCI DSS	Shared Services	✓	✓	✓		✓	Not applicable	Submission to WorldPay on 01.10.21
Pre-Employment Checks	Shared Services							Q4

Audit Sponsors			
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CFO	Chief Fire Officer	H of ICT	Head of ICT
DCFO	Deputy Chief Fire Officer	H of A &	Head of Academy and Organisational Development
D of O	Director of Operations	H of P&P	Head of Policy & Planning
D of CS	Director of Corporate Services	H of OA	Head of Operational Assets
D of PP&A	Director of Policy, Planning and Assurance (the Deputy Chief Fire Officer, DCFO)	H of G&BS	Head of Governance and Business Support
D of P&OD	Director of People and Organisational Development	H of P&F	Head of Property and Facilities
AD (Pr&Pr)	Assistant Director (Prevention and Protection)	SFBP	Senior Finance Business Partner
AD (P&P)	Assistant Director (Policy and Planning)	HR BP	HR Business Partner
H of F	Head of Finance	N/A	Not applicable
H of P	Head of Performance		

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2021/22	
Removed from the plan	Reason
Compliance Review of CPD Payments	Removed at client request for it to happen at a later date (as part of the 2022/23 plan).
Added to the plan	Reason
Compliance Review of CPD Payments	Initially added at the client request, but subsequently requested to move this to the 2022/23 audit plan (as stated above).

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**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Standards and Governance Committee

Purpose: Noted

Date: **16 November 2021**

Title: **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**

Report of Chief Fire Officer

SUMMARY

1. The purpose of this paper is to provide the latest update on the management actions that have not been completed within their target date and their status. The Standards and Governance Committee has a key scrutiny role in monitoring the implementation of internal actions.

BACKGROUND

2. Internal audit is one of various assurance mechanisms that the Service utilises as part of our wider assurance programme. This programme includes internal and external assurance mechanisms – other external examples include from HMICFRS, OFSTED, and ISO certification testing.
3. In terms of internal audit, the HIWFRS Organisational Assurance 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.
4. 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; and
 - the person responsible for the action.

5. The Organisational Assurance team will ask for confirmation and evidence that an action has been implemented, or if not, when it is expected to be. Any management actions that continue to remain outstanding are referred to the relevant Director. Our internal Integrated Performance and Assurance Group (IPAG) also provides an overview of outstanding recommendations, and they are also monitored regularly by the Director of Policy, Planning and Assurance and the Head of Performance.

MANAGEMENT ACTIONS

6. The table below lists those recommendations that are currently outstanding beyond their agreed target date and if they are 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			
Proactive Pay Claims			
It is intended that managers will be given guidance and instruction to regularly monitor and review allowances in payment for their teams. Managers will be expected to carry out regular checks and if payment errors are subsequently identified then both the individual affected and their line manager may be subject to disciplinary action.	September 2019 revised to the end of March 2022.	M	Completion of this is dependent on the one-off amnesty (October-December) identified below, the focus is on identifying the expectations and responsibilities of our managers in relation to the management and quality assurance of our financial controls. This is an action within the Allowances Project and will be completed by: the end of 2021/22.

<p>As a one-off exercise all managers and HIWFRS personnel will be required to certify that all allowances in payment are correct or flag up those that they believe may be incorrect for appropriate corrective action.</p>	<p>March 2020 date revised to December 2021.</p>	<p>M</p>	<p>HIWFRS has resourced a Project Lead from Fire and project team to engage with the Service to manage the informal 'Allowances and Expenses Entitlement check'. Within this, all staff are being asked to confirm that any allowance(s) that they are in receipt of are correct and justified to the best of their knowledge; where an error is identified the record will be corrected during an 'amnesty period' (three months), and exceptionally no recovery action will be taken. This is commencing in October 2021 (with various communications to managers) and will be completed by December 2021 with changes to pay made for the March 2022 payroll.</p> <p>After this exercise, any allowance identified as being paid in error that should have been notified during the amnesty period will be subject to retrospective recovery action in accordance with the standard recovery action procedure, together with any management action deemed appropriate.</p> <p>The Allowances Project has a number of additional activities beyond what is outlined in this table and if members would like supplementary information this can be provided via a separate briefing note.</p>
<p>Assurance over the competence of operational response capability</p>			
<p>Operational staff with teaching or assessing rights to be able to capture training updates on the Competency Management System</p>	<p>End of September 2021, revised to February 2022</p>	<p>M</p>	<p>This requirement was fed into the procurement specification for the Availability and Competency Management System project; and will therefore be completed when Gartan is implemented in February 2022.</p>

MANAGEMENT COMMENTARY

7. Audit management actions remain low, with only 3 open actions (3 overdue, and with various activity underway, as outlined above) in October 2021, compared to in June 2019 when there were 81 open actions, 19 that were overdue. We have also observed a positive increase in the number of substantial and adequate audit opinions received between 2018/19 (100% audits reported as limited), 2019/20 (50% reported as limited, 50% adequate) to 55% reported as substantial and 36% as reasonable in 2020/21 with 9% (1 audit) reported as limited.

PROACTIVE PAY CLAIMS

8. The following action has now been closed, “the intention is to remove the ability to submit paper claims in future. Initially the Resource Management Team (RMT) will handle the processing of all allowance changes.” There are now a range of controls and governance in place around paper claims, including: authorisation by the manager; the month and year of the claim are correct, and hours are correctly inputted; the Business Support Team also identify if a claim submission has been duplicated and raise this; and spot checks are carried out on a sample of claims each month to check for any anomalies. The additional controls address the risk fully, and the Resource Management Team are applying closer scrutiny over allowances, meaning this risk is actively managed.
9. Subsequently paper claims will be phased out following a project that is seeking to digitise and automate the claims process through existing online systems. Furthermore, as part of our assurance programme in 2021/22, we are also getting further external assurance in this area via a SIAP internal audit later this financial year.

ASSURANCE OVER THE COMPETENCE OF OPERATIONAL RESPONSE CAPABILITY

10. We previously recognised that there are still improvements to be made in some areas, including around the Assurance of the Competence of Operational Response Capability audit – where a range of separate internal assurance activity has been undertaken. For example, a FireWatch data cleanse has been undertaken and central performance reports (in Power BI) have been recoded to reflect this data cleanse, increasing the data quality of central qualifications reporting. Furthermore, the Operations Directorate have done a thorough review of the sample of individuals reviewed in this audit – to provide assurances on their competency and

identify any organisational learning. Other activity was also undertaken, including:

- Business Support capacity and line management re-introduced into Learning and Development.
- Detailed Learning & Development team review of current MOC Scheme procedure (Pro/09/08) and associated quality assurance processes.

11. This assurance activity has been progressed by various members of the Chief Officer's Group and overseen by the Deputy Chief Fire Officer. For example, the HIWFRS Learning & Development team have reviewed in detail the existing and in-date Maintenance of Competency (MOC) Scheme procedure (Pro/09/08), which clearly outlines the responsibilities of staff (including line managers, station managers and group commanders) regarding the quality assurance of work-based training and assessment.
12. The procedure also refers to the quality assurance of administrative processes and that line managers are responsible for the auditing of records to ensure that they are maintained and recorded as prescribed in accordance with procedure and guidance. Furthermore, in light of the new Availability and Competency Management System (Gartan) being implemented in February 2022, this procedure will be revised then, for example to introduce updates on any new assurance or administrative processes. The revised procedure will also include reference to responsibilities of ICT as the system owner and outline the role of Organisational Performance in reporting from Gartan and identifying any data quality challenges for subsequent remedial action, if required.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

13. By ensuring the implementation of internal audit recommendations, we assist the Authority in improving its planning and performance management processes, and in complying with its governance arrangements. This in turn assists the Authority in achieving our *High Performance* and *Learning and Improving* Safety Plan priorities, and our vision to work smarter, be more efficient, and to make life safer for everyone in Hampshire and the Isle of Wight.

COLLABORATION

14. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
15. The procedure, which acts as an MoU and outlines how HIWFRS and SIAP collaborate, was revisited by HIWFRS and SIAP in 2021 light of the combined fire authority, and the relationship continues to be effective, as evidenced by the progress made with audit actions and our approach to risk-based audit planning.

RESOURCE IMPLICATIONS

16. 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.
17. The management of internal audit actions is within current resources.

IMPACT ASSESSMENTS

18. Impact assessments have not been required for this report as the production of the report will not result in the implementation a new change activity, and/or introducing, or amending, a Service Policy.

LEGAL IMPLICATIONS

19. There are no legal implications arising from this report.

OPTIONS

20. The options for the Committee are to note, or not note, that despite the impact of COVID-19, significant progress continues to be made towards the implementation of the internal audit management actions.

RISK ANALYSIS

21. Failure to implement internal audit recommendations leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. Internal management of audit recommendations 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.

EVALUATION

22. The evaluation of the progress the Service makes in completing internal audit management actions forms an important part of the Service's organisational assurance activity, provides a valuable measure of corporate health, and identifies learning across the Service. The Service's Organisational Assurance team regularly monitors progress in completing management actions, for example via reporting into the Service's Integrated Performance and Assurance Group (IPAG) and in regular discussions with our internal auditors, the Southern Internal Audit Partnership.

CONCLUSION

23. Progress continues to be made in both completing the management actions from previous audits and progressing the current audit plan. Management actions will be undertaken in respect of the specific audits themselves and more widely in respect of internal control issues and how they are managed across the Service. As outlined in the MoU, management actions are owned by an Executive Sponsor and a COG lead, who work with their teams to ensure progress is made.

RECOMMENDATION

24. That the Standards and Governance Committee notes the continued progress made towards the implementation of the internal audit management actions and the delivery of the audit plan.

25. Contact: *Deputy Chief Fire Officer*,
Shantha.dickinson@hantsfire.gov.uk, 07918887986

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**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Standards and Governance Committee

Purpose: Noted

Date: **16 November 2021**

Title: **ORGANISATIONAL RISK REGISTER UPDATE**

Report of Chief Fire Officer

SUMMARY

1. This paper reports to HIWFRA on the revised status of our Organisational Risk Register (Appendix A), which presents updates on the two latest risks, as set out within the Risk Management Policy agreed by HIWFRA.
2. To embed and strengthen internal governance of risk management, this report provides the opportunity for Fire Authority scrutiny and assurance of the Organisational Risk Register, via delegated authority to the Standards and Governance Committee (S&G).
3. The Organisational Risk Register is part of the Risk Management Framework and the FRAs Safety Plan, to enable management of strategic risks that may affect our ability to deliver against our Safety Plan's Priorities.
4. This report uses for the first time the details from the new JCAD risk information system software that has replaced legacy systems.

BACKGROUND

5. Following Executive Group monitoring of new and emerging risks during February 2021, the following two risks have been added to the HIWFRS Organisational Risk Register;
 - (a) Data quality issues
 - (b) McCloud pension remedy
6. The impacts of data quality issues are defined as effective organisational delivery, high performance and/or robust performance reporting being prevented due to sub-optimal data quality provision in some areas. Work has progressed towards mitigation of this risk and further details are within Reference number 8 within Appendix A.
7. The consequences of the McCloud pension remedy are that if we were to fail to respond to it, this could have longer term impacts on resources and the retirement choices for firefighters. Work has progressed towards mitigation of this risk and further details are within Reference number 9 within Appendix A.
8. Our risk management approach ensures the integration of our external risks and our internal risks through the Hampshire and Isle of Wight Fire and Rescue Authority Safety Plan, therefore ensuring a proactive risk management culture.

AMENDMENTS AND UPDATES

9. Our existing organisational risk of COVID-19 wellbeing provision has now been reviewed and reworded to reflect the wider wellbeing expectations of our workforces and now less aligned to the single but prominent issue of the pandemic. Renamed and reviewed as 'Reduced wellbeing and resilience within the workforce' and recognises that our employee expectations are now far greater. Further details are within Reference number 7 within appendix A.
10. Our organisational risk 'Emerging changes to legislation (post Grenfell),' has now changed to green, due to the significant cross organisational activities undertaken to respond to the Grenfell Towers improvement plans and the assurance received at Executive Group on our progress following effective utilisation of the Home Office Grenfell Towers improvement grant. Further details are within Reference number 4 within appendix A.

11. It is recognised the risk could be now removed, but due to the horizon scanning identifying the remaining uncertainty within future financial settlements and awaiting final clarity of new expectations being placed upon fire services through new legislation, it is prudent to hold on the organisational risk register until both aspects have been concluded and HIWFRS have reviewed our ongoing capabilities to meet any emerging changes.
12. This is the first report to include content from the new JCAD risk management tool and now moves our framework from legacy systems. This will ensure our framework is now linked and aligned across all directorates and risks/control measures will have automatic review dates communicated to owners.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

13. In supporting our risk management framework, the Organisational Risk Register ensures we remain focussed on delivery against our Safety Plan priorities. By identifying the issues that may impact upon our ability to deliver the Safety Plan, these can then be mitigated or held with a clear rationale, ensuring that together we are continuing to make life safer.
14. Our planning processes, performance management framework and audit processes are an integral part of our arrangements to identify new and emerging risks, and issues which could impact on delivery. The identification of risks and issues through the planning process also provides a focus for developing new organisational priorities and objectives to mitigate those risks.

RESOURCE IMPLICATIONS

15. There are no specific financial implications from the contents of this paper. Any financial impacts of future control measures would need to be assessed against the related risks and opportunities. Any plans with financial implications will be subject to appropriate review and governance.

IMPACT ASSESSMENTS

16. There will be no negative environmental impacts associated with the adoption of this paper. The Organisational Risk Register ensures we consider emerging issues through changes in climate, and these are accounted for in our prevention and response controls.

17. The implementation of the Organisational Risk Register will have no negative people impacts. However, through a more effective approach to identifying, assessing, and mitigating risks to our communities, a positive impact will be achieved through better understanding of protected characteristics within our communities and support our workforce.

LEGAL IMPLICATIONS

18. The requirement for each Fire and Rescue Authority to have an Integrated Risk Management Plan is set out within the National Framework for Fire and Rescue Services, made under the Fire and Rescue Services Act 2004.
19. The Organisational Risk Register, as part of our Risk Management Framework, will ensure our integrated risk management process is driving our priorities.

OPTIONS

20. There is a single option which is that HIWFRA S&G review the two new risks on the Organisational Risk Register. By reviewing the risks on the Organisational Risk Register, compliance with our risk management framework is demonstrated.

RISK ANALYSIS

21. The risk management framework provides a consistent and robust approach to the identification, analysis, and treatment of internal and external risks. This, in turn, ensures that major threats and opportunities are considered and managed appropriately, with adequate control measures implemented.

EVALUATION

22. The Organisational Risk Register will provide the appropriate prioritisation of risk management, and ensure risks are professionally managed and governance of plans and activities undertaken. The day-to-day management of those risks through the Executive Group, and accountability through Directorate Plans, ensures a risk management culture that will be overseen and scrutinised by

CONCLUSION

23. Our risk management framework supports the identification of external risks and internal risks through the Hampshire and Isle of Wight Fire and Rescue Service Safety Plan, therefore ensuring a proactive risk management

culture. This report supports that continual monitoring and application of that framework.

RECOMMENDATION

24. The HIWFRS Organisational Risk Register status under the delegated management of the Chief Fire Officer is noted by the HIWFRA Standards and Governance Committee

APPENDICES ATTACHED

25. [Appendix A – Organisational Risk Register](#)

Contact: Shantha Dickinson, Deputy Chief Fire Officer,
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Organisational Risk Register



Page 57

Ref Number	Risk Area	Residual Risk	Trend				
			Newest			Oldest	
3	Successful cyber-attack resulting in catastrophic loss of stability and/or access of our ICT infrastructure.	12		↔	↔	↔	↓
5	Future financial planning uncertainty	12		↔	↑	↑	↑
6	Firefighter contamination	12		↔	↔	↔	↔
8	Data quality issues	12		↑	↔		
2	Death of an employee at work in the course of their duties	10		↔	↔	↔	↓
4	Emerging changes to legislation (post Grenfell)	4		↓	↔	↑	↔
1	Insufficient staff available for BAU	8		↔	↔	↔	↔
7	Reduced wellbeing and resilience within the workforce	8		↔		↔	↑
9	Impacts of McCloud pension remedy	6		↔	↔		

Organisational Risk Register

Our Priorities:

1. **Our Communities.** We work together to understand different community needs and deliver accessible, local services which build safer places.
2. **Our People.** We look after each other by creating great places to work and promoting the health, wellbeing and safety of our people.
3. **Public Value.** We plan over the longer-term to ensure our decisions and actions deliver efficient and effective public services.
4. **High Performance.** Our diverse teams are trusted, skilled and feel equipped to deliver a leading fire and rescue service today and into the future.
5. **Learning and Improving.** We have the support of policy and guidance with the freedom to use our discretion to do the right thing, learning from ourselves and others.

Criteria for inclusion of risks:

- Could the risk result in a serious or significant impact on the delivery of Our Priorities.

Rank

- Risks are ranked in the summary table according to overall Residual Risk.

Inherent and Residual Risk

- Inherent risk is the risk level that exists without any controls applied.
- Residual risk is whatever risk level remains after additional controls are applied.

Risk Trend

The risk trend shows whether the risk has increased or decreased recently. The direction arrow indicates whether the risk is stable ↔ rising ↑ or reducing ↓

Organisational Risk Register

Ref Number - 3											
Risk Area	Description and Impact	Our Priority	Risk Scores			Recent Trend					Risk Owner
						Newest		Oldest			
Technological	<p>Successful cyber-attack on our ICT infrastructure</p> <p>Impact: Catastrophic loss of stability and/or access to our ICT infrastructure.</p> <p>Loss of personal data resulting in breach to GDPR requirements</p> <p>Reduced functioning of all departments</p> <p>Entered 5years +</p>	1,2,4	Inherent Risk Level:			↔	↔	↔	↔	↓	Matt Robertson
			Likelihood	Severity	Risk						
			4	4	16						
			Residual Risk Level:								
			Likelihood	Severity	Risk						
3	4	12									
Causes / Sources	Mitigations		Progress and Ownership of Mitigation								Effectiveness – Commentary
External Cyber attack	Staff training to reduce chances of malicious emails being opened.		Annual training in place with routine random audit on staff email use established; monitoring of staff knowledge and compliance through externally facilitated penetration testing directs interventions by ICT Department. – Matt Robertson								No successful cyber-attack since measures have been in place.
	Firewall and other cyber security measures established.		Industry standard (for the sector) Firewall in place, regularly monitored with enhanced cyber security software which monitors and reports performance of Firewall in real-time. – Matt Robertson								
	Network software updated and maintained to manage ongoing threat of cyber-attacks.		Regular patching of devices and network connections in place. Large update to all hardware devices to further enhance security patching work completed Winter 2020/21. – Matt Robertson								

Organisational Risk Register

Malicious system user	Effective monitoring of network use.	Use of ICT systems monitored, daily reports assessed by cyber security team. Unusual activity on accounts is regularly investigated. – Matt Robertson	No loss of system functionality due to malicious internal system use.
	Internal access/security systems have clear procedures and terms of use.	All ICT Policies and Procedures are updated, with clear guidance provided to staff on the use of ICT systems and equipment. – Matt Robertson	

Organisational Risk Register

Ref Number – 5											
Risk Area	Description and Impact	Our Priority	Risk Scores			Recent Trend					Risk Owner
						Newest			Oldest		
Economic	<p>Future financial planning uncertainty and potential reduced funding</p> <p>Impact:</p> <p>Inability to balance the budget and continue to deliver services in usual manner</p> <p>Entered 2 years +</p>	1,2,3,4	Inherent Risk Level:								Rob Carr
			Likelihood	Severity	Risk						
			4	4	16						
			Residual Risk Level:								
			Likelihood	Severity	Risk						
4	3	12									
Causes / Sources	Mitigations		Progress and Ownership of Mitigation								Effectiveness – Commentary
Reduced central government funding	Sufficient reserves and revenue contributions to reserves built into core budget		Reserves of around £30m and revenue contributions built into the budget of over £6m available to balance the budget in the short term if required – Rob Carr								Reserves are well established Degradation plan in existence
	Contingency planning for reduced operating costs whilst maintaining appliance availability		Developing contingency plans for reduced operating costs, working with Executive Group in scenario planning for future safety plan development. – Shantha Dickinson								
	Contingency planning for further reduced operating costs with reduced appliance availability		Developing contingency plans for reduced operating costs, working with Executive Group in scenario planning for future safety plan development. – Shantha Dickinson								

Organisational Risk Register

Brexit	Situation Monitoring	Possible price increases in the areas of IT, vehicle replacement and construction being monitored, and appropriate contingencies are being factored into current planning – Rob Carr	Impact on economy and supply chain costs being monitored
	Sufficient reserves	Reserves of around £30m and revenue contributions built into the budget of over £6m available to mitigate short term price increases if required – Rob Carr	
Covid-19 impact on the national and global economy, future grant settlements and local reductions in council tax and business rates income.	Sufficient reserves and revenue contributions to reserves built into core budget	Reserves of around £30m and revenue contributions built into the budget of over £6m available to balance the budget in the short term if required – Rob Carr	Reserves are well established
	Contingency planning for reduced operating costs whilst maintaining appliance availability	Developing contingency plans for reduced operating costs, working with director of Ops in scenario planning for future safety plan development. – Shantha Dickinson	Degradation plan in existence
	Contingency planning for further reduced operating costs with reduced appliance availability	Developing contingency plans for reduced operating costs, working with director of Ops in scenario planning for future safety plan development. – Shantha Dickinson	Significant uncertainty going forward at this stage hence change to risk score

Ref Number – 6											
Risk Area	Description and Impact	Our Priority	Risk Scores			Recent Trend					Risk Owner
						Newest		Oldest			
Societal	Contaminants risk leading to ill health in work force Impact: Increased staff ill health Potential future legal challenges – Entered 2 years +	2	Inherent Risk Level:			↔	↔	↔	↔	↔	Stew Adamson
			Likelihood	Severity	Risk						
			4	4	16						
			Residual Risk Level:								
			Likelihood	Severity	Risk						
3	4	12									
Causes / Sources	Mitigations		Progress and Ownership of Mitigation								Effectiveness – Commentary
Fire Ground Contaminants	Focussed work		<ul style="list-style-type: none"> Development work has been proposed to the FBU for a HIWFRS funded role to be fulfilled by the FBU to supplement the work already ongoing. Work proposed will: <ul style="list-style-type: none"> 1) Close the gaps identified through the Ops Assets work 2) Establish a new training package 3) Compile a future list of work for further exploration or implementation Stew Adamson lead 								Current mitigations are reasonable and further efforts are being made to understanding the risk and reduce any potential risk
	Health and Safety Scheme		<ul style="list-style-type: none"> Local mitigations in place at workplace and station level. Staff encouraged to use “Near Miss” procedure where identified gaps exist. 								

Organisational Risk Register

		<ul style="list-style-type: none"> Working at a national level on research with FBU and Brighton University. The Station investment programme improvement plans to be influenced by outcomes of this research. Shantha Dickinson lead 	
	Policy and Procedures	<ul style="list-style-type: none"> Policies in place for staff to manage contaminated kit and equipment from fireground (link to policy) Stew Adamson lead 	
	Fireground contamination within vehicles	<ul style="list-style-type: none"> Wipe down procedures in place for vehicles to sanitise touchpoints when returning from fireground. Contaminated kit procedures in place to manage the disposal of operational uniform. Matt Robertson 	
	Operational Assets	<ul style="list-style-type: none"> Gap analysis has been completed between HIWFRS policies and practises and the latest UCLAN report on fireground contaminants. Wipe down procedures in place for vehicles to sanitise touchpoints when returning from fireground. Contaminated kit procedures in place to manage the disposal of operational uniform. Proposed development work (Ops Assets) will seek to establish Matt Robertson 	
	Potential future legal challenges	<ul style="list-style-type: none"> Legal advice received Aligns very much to historic Asbestos claims and the need for an employer to be able to demonstrate that compliance with the legal, best practice and knowledge at the time of the exposure. Proposed development work (Ops Assets) will create a record of what we have done, are doing and propose to do. Stew Adamson lead 	
	Fire Ground Contaminant management on our estate and buildings	<ul style="list-style-type: none"> Zoning of operational buildings (clean, transition and dirty zones) established within the Estate Design Principles New fire stations designs work around the principle of zoning for the purpose of reducing contamination. 	

Organisational Risk Register

		<ul style="list-style-type: none">• All fire stations have cleaning facilities for kit management with clear signage and routing.• Property and facilities have RAG assessed the wholetime estate, this has given four priority site to focus on; St Mary's, Fareham, Eastleigh and Andover. Feasibility testing will begin at St Marys by the end of the year and will give an indication of the type of works needed to tackle contamination control issues. The remaining three sites will be completed by February 2022.• Matt Robertson lead	
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Organisational Risk Register

Causes / Sources	Mitigations	Progress and Ownership of Mitigation	Effectiveness – Commentary
<p>Process factor – business process operating in a way that impacts data quality, and does not support efficient or effective reporting or</p>	<p>Early involvement of ICT (from a systems point of view) and Organisational Performance (from a data integration and report perspective) in the creation of new processes.</p> <p>Escalation of data quality risk areas within IPAB and Directorate Boards – with the identification who needs to be involved to action remedial/improvement activity.</p>	<p>Ownership sits with all Directorate Boards (with the support of ICT and Organisational Performance teams) to identify data quality risks and the stakeholders required to action remedial activity - All members of Executive Group.</p> <p>Significant work being undertaken in this area to reinforce the principles and content of the Data Quality Procedure. There are various examples of collective ownership of issues to resolve data quality challenges; and external assurance activity is planned through a quarter three internal audit focused on data quality.</p>	<p>Data Quality risks are captured within risk registers and reviewed regularly in Directorate Board meetings with accountable Directors escalating as appropriate.</p>
<p>Human factor – user error (global)</p>	<p>Systems training, automated data quality interventions (where possible), and adherence with, and assurance activity on the compliance against the Data Quality and Performance Procedures.</p>	<p>Ownership sits with all Directorate Boards (with the support of ICT and Organisational Performance teams) to identify data quality risks and the stakeholders required to action remedial activity, including identifying any training requirements – All members of Executive Group.</p>	
<p>Human factor – localised, rather than centralised reporting – no single version of the truth</p>	<p>Organisational Performance identifying and escalating (for example to Directorate Boards, to ICT, or other channels), where appropriate, where localised reporting or systems interface issues are impacting data quality.</p>	<p>Ownership for ensuring centralised and accurate data recording and capture sits with individual Directorates (with the support of ICT and Organisational Performance teams) who have a responsibility to progress remedial actions that may need to be implemented by multiple teams across the Service - All members of Executive Group.</p>	
<p>Systems interface, including manual intervention</p>		<p>Where data capture tools or ICT system refinements are required, Directorates should raise requests with ICT, making clear their process and reporting requirements, at the earliest opportunity - Matt Robertson.</p>	

Organisational Risk Register

		Data quality standing item for discussion in IPAG and other directorate boards – Shantha Dickinson.	
Human factor – required availability/input of specialist capability	Sufficient contingency budget for IT or Organisational Performance to utilise technical consultancy support, where risks or unexpected challenges have been escalated and issues cannot be resolved internally.	Ongoing scrutiny and oversight of ICT and Organisational Performance technical consultancy budgets, with any capacity or financial risks identified via team and Directorate risk registers - Rob Carr.	
Human factor – required input of administrative capacity to support resolution	Engagement from Directorates with Business Support, e.g. via Head of Governance and Business Support, to identify, at the earliest opportunity, any additional administrative support requirements (to support remedial action).	Teams and Directorate Boards escalating any administrative capacity requirements or risks through the effective management of risks, with escalation to, and close collaboration with, Business Support and Corporate Services, where required - Matt Robertson.	Clear Application Development and ICT Change Programme Pathway to ensure that requirements from boards are addressed in a timely fashion

Organisational Risk Register

Ref Number 2		Our Priority	Risk Scores			Recent Trend					Risk Owner					
Risk Area	Description and Impact					Newest		Oldest								
Societal	Death of an Employee at work in the course of their duties		2	Inherent Risk Level:			↔	↔	↔	↔		↔	Shantha Dickinson			
		Likelihood		Severity	Risk											
		3		5	15											
		Residual Risk Level:														
		Likelihood		Severity	Risk											
		2		5	10											
	Impact:															
	Mental health and wellbeing of staff and family															
	Organisational reputation															
	Operational due to reduced staffing – watch off the run, inquiry to staff															
Legal – liabilities																
HSE / Police investigation																
Financial																
Entered 5 years +																

Organisational Risk Register

Causes / Sources	Mitigations	Progress and Ownership of Mitigation	Effectiveness – Commentary
Death in work time	Implement mental health strategy	Live and ongoing – Molly Rowland	Mental health provisions and awareness improving throughout Service
	Support for physical health and fitness	Live and ongoing – Molly Rowland	
	Procedures/guidance followed	Our procedures align to the 'Death in work protocol' and these have been exercised in 2018– Shantha Dickinson Lessons learned from ACO Adamson's support of Mid and West Wales FRS in 2019.	PPG Framework now live
	Organisational reputation	Our procedures align to the 'Death in work protocol' and these have been exercised in 2018– Shantha Dickinson	Demonstrated compliance 2010
	Legal – liabilities	Our procedures align to the 'Death in work protocol' and these have been exercised in 2018– Shantha Dickinson	Demonstrated compliance 2010
	HSE / Police investigation	Our procedures align to the 'Death in work protocol' and these have been exercised in 2018– Shantha Dickinson	Demonstrated compliance 2010
	Financial	Reserves of around £30m and revenue contributions built into the budget of over £6m available to balance the budget in the short term if required – Rob Carr	Reserves are well established

Organisational Risk Register

Ref Number – 4												
Risk Area	Description and Impact	Our Priority	Risk Scores			Recent Trend					Risk Owner	
						Newest		Oldest				
Legal	Capacity and capability to respond to legislative changes to buildings and requirements of FRS. Impact: New risks identified to responding Increased capacity and capability needs for Fire inspection staff. Entered 3 years +	1,4,5	Inherent Risk Level:									Stew Adamson
			Likelihood	Severity	Risk							
			4	3	12							
			Residual Risk Level:									
			Likelihood	Severity	Risk							
4	1	4										
NOTE: although green, remaining on risk register until the conclusion of the financial settlements and new legislation, to ensure our final delivery model in response is effective												
Causes / Sources	Mitigations	Progress and Ownership of Mitigation								Effectiveness – Commentary		
New risks identified to responding to high rise buildings	High rise procedure development.	<ul style="list-style-type: none"> Revised HIWFERS High-rise product pack PRO/07/22 – ready to go to governance. Webinar to introduce awareness and training to Operational staff complete. Specialist Fire Safety team responding to incidents (Building Environment Response Officer BERO Team) – completed. Review of response arrangements for specialist roles (BERO) - Pilot being reviewed for future business case and final model. Smoke hoods for all frontline Appliances (with bulk stock EMT & CSV) and Evacuation boards and Evacuation form – awaiting delivery from suppliers. 								Grenfell outcomes recommendations progress report – 34 of the 46 recommendations are closed/closing by HIWFERS or closed pending legislation/govt action		

Organisational Risk Register

Page 72

		<ul style="list-style-type: none"> • Practical training to all staff – planned (delay due to Covid) • Exercise testing – planned within Service Exercise 2021 • NFSP Fires in Tall Buildings Tactical Guidance and Ops Prompts for Tall Buildings/Stairwell Protection/Evacuation Sector Commander – final review has closed 5/3/2021. • Lobby/Fire/Search sector Commanders Ops Prompt consultation closed 5/3/2021. • Premises Risk information training videos incl. High Rise residential risk information gathering – in production. • NFSP Fire Survival Guidance/ Multiple Fire Survival Guidance (FSG/MFSG) ‘Way of Working’ - Fire Control Management consultation - Feb. 2021 • Regular ongoing engagement with key Stakeholders including RB’s. 	
<p>Increased capacity and capability needs for Fire inspection staff.</p>	<p>New High Rise Residential Building Team</p>	<ul style="list-style-type: none"> • HRRB procedure for Protection completed, reviewed and signed off PPG. • Recruitment of inspectors – HRRB team is funded only until 2021/22 through HO Protection funding. – Stew Adamson • National Fire Chief’s Council (NFCC) Building Risk Review Programme (BRR) Programme • Maintaining regular communications through MS Teams meetings with PPRU leads. • PPRU Updates regularly received, analysed and actioned. • Monthly returns to NFCC PPRU – on target to complete over 300 high rise inspections by August 2021. Paper going to APAG on progress 15/03/21. • Delivery of BRR is embedded in the Protection (Delivery) plan. • The team continues to support ad hoc issues such as Crown Heights, Basingstoke. • Quality assurance completed on three sample high rise premises in Basingstoke, Portsmouth and Southampton. 	<p>Grenfell outcomes recommendations progress reporting. HIWFRS protection team connected to the NFCC team, gaining intelligence from and informing the programme.</p>

Organisational Risk Register

	National fire safety competency framework	<ul style="list-style-type: none">• Academy adoption of framework – complete• Upskill programme for all fire safety inspectors to Level 5 – ongoing• Supervisory managers (station based) trained to Level 3 of framework – planned Year 2 Objective in Ops Plan – Stew Adamson• Will be referenced as part of the new Fire Protection Standard which is now out for consultation (Feb 2021).	
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Organisational Risk Register

Ref Number 1											
Risk Area	Description and Impact	Our Priority	Risk Scores			Recent Trend					Risk Owner
						Newest		Oldest			
Political	Insufficient staff available for BAU Impact: Fewer appliances available Poorer response times across all off PPR&R. Overtime for staff not taking industrial action Management - staff and inter-staff relations Administrative burden – wage / pension changes Entered 5 years +	1,2,3,4	Inherent Risk Level:			↔	↔	↔	↔	↔	Shantha Dickinson
			Likelihood	Severity	Risk						
			3	5	15						
			Residual Risk Level:								
			Likelihood	Severity	Risk						
2	4	8									
Causes / Sources	Mitigations	Progress and Ownership of Mitigation								Effectiveness – Commentary	
Unplanned significant absence	Contingency plan arrangements to deploy to all incident types.	Degradation plan with progressive arrangements involving capability and deployment procedures. Undertake a report into the learning of summer 2021 and act on findings – Stew Adamson								Decision log framework	

Organisational Risk Register

	Centralised monitoring and deployment of staff	Resource management currently operating between Fire Control and Emergency Staff Cell. Long term resource management arrangements to be developed and enabled Undertake a report into the learning of summer 2021 and act on findings – Stew Adamson	regarding crewing arrangements.
Industrial Action due to National Terms and Conditions changes including pensions:	Engagement with NFCC, local, regional and national rep body personnel, local and central government politicians	Neil Odin engaged within national discussions and applying influence on behalf of our services (NFCC Steering Group member and Chair of NFCC Prevention Co-ordination Committee) Molly Rowland appointed as NFCC IA SPOC.	Measures last used 2015 and reviewed 2021
	Prior planning for industrial action Establish Emergency Management Group	NFCC annual IA return completed now aligns industrial action planning, with our degradation response plans, for both Hampshire and the IOW which provides our mitigation measures against reduced resources as a result of IA – Shantha Dickinson	
Industrial Action due to local issues:	Effective local trade union relationships maintained.	Joint Trade Union Meeting on monthly frequency with escalation process – Molly Rowland	Tested plan 2015 and reviewed 2021
	Contingency plan arrangements	Industrial action plan – Stew Adamson	
	Prior planning for industrial action. Establish Emergency Management Group	IA aligns industrial action planning, with our degradation response plans, for both Hampshire and the IOW which provides our mitigation measures against reduced resources as a result of IA – Shantha Dickinson	
Pandemic/Covid-19	Follow PHE guidance for staff welfare	Independent C19 Health & Safety audit completed to ensure that Risk assessments, are now operating across the organisation. Clear communications plan to ensure that communication is maintained across both organisations. Wellbeing Portal established – Shantha Dickinson	Situation is now managed. Service will monitor local outbreaks and national policy to mitigate impacts to Service Delivery.
	Reduce/cease non-essential activities	Independent C19 Health & Safety audit completed to ensure that Risk assessments, are now operating across the organisation. Clear communications plan to ensure that communication is maintained across both organisations. Business Continuity Policy, Procedure and plans are now in place and tested – Shantha Dickinson	

Organisational Risk Register

	<p>Dedicated team to manage</p>	<p>EMG and PCG is a flexible structure that mirrors SCG requirements and allows a flexible resourcing model dependant on demand. This has been assured through LRF debrief process. Staff cell has now been resourced to centrally manage internal impacts. — Shantha Dickinson</p> <p>Line through items have been stood down as part of recovery with the mechanism in place to reinstate if required.</p>	<p>Independent C19 Health & Safety audit</p>
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Organisational Risk Register

Staff confidence	Increased communications with staff	Live briefings and regular updates to complement existing communications activities – Shantha Dickinson	H&S team and processes in place
Staff confidence	Tailored management toolkits for staff support	Recently launched and support being provided to managers -Molly Rowland	
Long term ill health effects	Risk Assessments for all Organisational activity	Completed and regularly reviewed and updated. Risk Assessments completed on all workplaces to ensure ALARP principle is in place. Recovery Cell and Wellbeing Cell undertaking activity to better understand and support our staff with long COVID. Introduction of a post COVID19 physical fitness test for operational staff. – Shantha Dickinson	Risk Assessments established for all Service activities and locations
Staff confidence	Increased availability of PPE	Supply chains established for PPE to meet Operational demand guidance issued to teams on how and when to use PPE. – Matt Robertson.	PPE stocks well supplied and distributed
Adapting to new ways of working and organisational change	Hybrid working procedure	Wellbeing portal	Specialist teams and groups in place to manage staff wellbeing
Increased reporting of mental health issues	Wellbeing pulser surveys	Hybrid procedure issued and workshops held with managers.	
	Development of wellbeing action plan	Pulse survey conducted early Summer 2021	
	Appointment of wellbeing co-ordinator	Psychological screening available via OH for all employees displaying signs of trauma.	
Increased staff ill health	Effective Health and Safety compliance	H&S team with strengthened leadership presence at COG level. Internal audit to assure capacity and PPG. Risk Assessments completed on all workplaces to ensure ALARP principle is in place. Lateral flow testing introduced and access to residual vaccinations– Shantha Dickinson	Chief briefings now fortnightly with open call for questions from staff

Ref Number – 9	Risk Area		Description and Impact	Our Priority	Risk Scores			Recent Trend					Risk Owner																
								Newest		Oldest																			
	Legal		<p>Failure to respond to the impacts of the McCloud pension remedy</p> <p>Impact:</p> <p>Inability to deal with the financial, communication and administrative aspects of the remedy which could have long term impact on resources and retirement choices that firefighters may make.</p> <p>Entered 2020</p>	1,2,3,4	<p>Inherent Risk Level:</p> <table border="1"> <tr> <th>Likelihood</th> <th>Severity</th> <th>Risk</th> </tr> <tr> <td>4</td> <td>3</td> <td>12</td> </tr> </table> <p>Residual Risk Level:</p> <table border="1"> <tr> <th>Likelihood</th> <th>Severity</th> <th>Risk</th> </tr> <tr> <td>3</td> <td>2</td> <td>6</td> </tr> </table>			Likelihood	Severity	Risk	4	3	12	Likelihood	Severity	Risk	3	2	6										Rob Carr
Likelihood	Severity	Risk																											
4	3	12																											
Likelihood	Severity	Risk																											
3	2	6																											
	Causes / Sources		Mitigations		Progress and Ownership of Mitigation							Effectiveness – Commentary																	
	Insufficient capacity and capability to implement the remedy		Dedicated project team being drawn up across shared services to deal with the remedy implementation		High level project plan drawn up and additional resources being appointed and trained to be able to release experienced staff in the future to undertake remedy calculations and changes – Rob Carr.							Resources in place and planning taking place even in																	

Organisational Risk Register

	Existing governance structure through employer pension groups in place but McCloud specific governance will be implemented as activity increases	Employer Pension Groups already established and McCloud one of the key items discussed at each meeting – Rob Carr.	the absence of answers from Government
Lack of accurate data on which to enable workforce planning and undertake calculations, given new CFA from 1 April 2021	Data collection in respect of both HFRS and IWFRS taking place prior to new CFA to enable workforce planning and manual calculations to be undertaken	Templates used for IOW data collection also being used to collect payroll information going back to 2015 on IOW and data extracts in place for HFRS through IBC – Rob Carr.	Availability of data is good but future manual calculations will be a challenge
Lack of effective communication on the remedy leading to poor decisions by firefighters	Communications a key element of employer group discussions and regular comms planned on this including FAQs etc.	Initial comms already sent out in consultation with Rep Bodies and further comms planned to answer key questions FFs might have on what happens to their retirement dates and access to pre 2015 benefits Rob Carr.	Communications continuing and some queries coming through from individual FFs about their position.

Measures of Likelihood - Probability

LEVEL	DESCRIPTOR	DESCRIPTION
1	Very unlikely	The event may occur only in exceptional circumstances.
2	Unlikely	The event could occur at some time.
3	Moderate	The event will occur at some time.
4	Likely	The event could occur in most circumstances.
5	Very likely	The event will occur in most circumstances.

Measures of Severity (Consequence)

LEVEL	DESCRIPTOR	DESCRIPTION
1	Negligible	Minor local first aid treatment (e.g. minor cuts/abrasions), minimal work interruption
2	Minor	Injury requiring first aider treatment causing inability to continue with current work activity for 3 days or less. Minimal financial loss or damage.
3	Serious	Medical treatment required. RIDDOR over 7 day lost-time injuries. Moderate environmental implications. Moderate financial loss or damage. Moderate loss of reputation. Moderate business interruption.
4	Major	Permanent or life changing injuries. RIDDOR major injuries. High environmental implications. Major financial loss or damage. Major loss of reputation. Major business interruption.
5	Fatalities	Single or multiple deaths, stops the Originations from functioning

		LIKELIHOOD				
		1 Very Unlikely	2 Unlikely	3 Moderate	4 Likely	5 Very Likely
5 Major	SEVERITY	5	10	15	20	25
4 Serious		4	8	12	16	20
3 Moderate		3	6	9	12	15
2 Minor		2	4	6	8	10
1 Negligible		1	2	3	4	5

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