

Annual Governance Statement 2011-12

1. Scope of responsibility

- 1.1. Hampshire Fire and Rescue Authority (HFRA) is responsible for ensuring that:
 - its business is conducted in accordance with the law and proper standards; and
 - public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.2. The Authority has a duty¹ to make arrangements to secure continuous improvement in the way its functions are exercised through a combination of economy, efficiency and effectiveness.
- 1.3. The Authority must ensure that there is a robust framework of corporate governance and a sound system of internal control that supports the effective exercise of the Authority's statutory functions – including arrangements for the management of risk.
- 1.4. The Authority has approved and adopted a code of corporate governance which is consistent with nationally accepted principles².
- 1.5. This Annual Governance Statement explains how the Authority has complied with the code and also meets the legal requirements³ for the publication of a statement on internal control.
- 1.6. This statement has also been prepared to satisfy guidance⁴ on the role of the chief financial officer.
- 1.7. Good governance arrangements are the foundations on which the Authority establishes its policies and delivers its services to the community. The arrangements must be regularly reviewed and adapted in the light of changing circumstances. This Annual Governance Statement is the opportunity to ensure that the fundamentals of good governance remain in place and that they are responding to internal and external changes.

2 . The purpose of the governance framework

- 2.1 The governance framework is comprised of the systems, processes, culture and values by which the Authority is directed and controlled, and the activities through which it is accountable to, and engages with, the communities it serves. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

¹ Local Government Act 1999

² *Delivering Good Governance in Local Government'* - a framework and set of guidance notes jointly produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

³ Regulation 4(2) of the Accounts and Audit Regulations 2011

⁴ CIPFA – the role of the Chief Financial Officer

- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can provide only a reasonable, not an absolute, assurance of effectiveness. It is a continuous process that helps to evaluate the likelihood of risks occurring, their potential impact and how they should be best controlled and mitigated.
- 2.3 The governance framework has been in place for the year ended 31 March 2012 and up to the date of approval of the Statement of Accounts.

3. Assessment against the six core principles of good corporate governance

- 3.1 This statement is based in part on the outcomes of a detailed self-assessment⁵ of the Authority's governance arrangements. The full detail of this was first presented to the Governance Committee in June 2008. This has since been reviewed in the light of the additional requirements on the role of the 'chief financial officer'⁶. The outcomes of the updated assessment are summarised in the following paragraphs using 'six core principles'⁷.
- 3.2 There have been no significant changes since the last major self-assessment - and nothing that would reduce our confidence in our governance arrangements.

Principle 1: Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

- 4.1 The Authority has a well-established corporate planning process. This is summarised in our corporate plan⁸. This is the Authority's primary strategic plan covering a rolling three-year period. It is rigorously reviewed and refreshed annually and it incorporates the Government's requirement to publish an Integrated Risk Management Plan.
- 4.2 As part of this process we review annually the impact of the external environment in which we operate - identifying any new or emerging issues that have been highlighted during the previous 12 months⁹. This is essential if our plan is to remain dynamic and responsive to changing needs.
- 4.3 We are progressively improving the way we use 'community risk intelligence' to ensure that our objectives focus on the diverse nature of risks in the communities we serve. So our plan now includes risk maps¹⁰.
- 4.4 A extensive programme of consultation with our various stakeholders helps to ensure that our plans take account of their needs and suggestions as we draft and refine our future plans and actions.

5 Using the CIPFA/SOLACE 'Good governance' framework and guidance.

6 CIPFA – the role of the Chief Financial Officer

7 Set out in the CIPFA/SOLACE 'Good governance' framework

8 Hampshire Fire and Rescue Plan 2012-15

9 Examining the context in which we operate from the perspectives of 'Social', 'Technological', 'Economic', 'Environmental', 'Political', 'Legal', and 'Ethical' factors (our 'STEEPLE' analysis) and reviewing our 'Strengths, Weaknesses, Opportunities, and Threats' (a SWOT analysis)

¹⁰ This was one of the recommendations made following the 2010 Operational Peer Assessment.

- 4.5 Because it is comprehensively reviewed each year, our Plan is able to take into account the outcomes of:
- a comprehensive programme of consultation with stakeholders;
 - our Strategic Assessment;
 - our performance results;
 - the findings and recommendations of various reviews, audits and assessments; and
 - and external factors such as new or emerging local and national policies, expectations and initiatives.
- 4.6 The current issue of the Plan includes a vision statement describing how we see the Authority delivering its services to our local communities in 2015. Our vision and all that we do is underpinned by the strap line "we make life safer". We promote this in all our publications and corporate branding.
- 4.7 The plan sets out - for the benefit of all our stakeholders - our corporate priorities, objectives and other actions that the Authority will take. It shows how the Authority will respond to changes and challenges, identifies common aims with its partner organisations and sets priorities and targets for improvement.
- 4.8 The plan also sets out an ambitious programme of improvements in the way we deliver front-line services. Some of the actions involve conducting trials/pilot schemes during which we will further consult with the local community, key stakeholders and our staff to ensure that our proposals are sound and that we can be confident that they will deliver the anticipated improvements in service.
- 4.9 The corporate plan is approved by the full Authority at its February meeting when, importantly, the three-year revenue budget and capital programme is also determined and approved. This ensures that the Authority can, in a timely way, take account of overall financial pressures and the specific resource implications of our corporate objectives.
- 4.10 It is supplemented by a number of medium-term functional or business plans which support and complement the various actions and activities. Group- and station-based action plans are also significant to the planning process to ensure what we do is right for local communities. We have developed our local planning approach so that it is simpler and more focused; so, for example, we now produce group plans on a poster.
- 4.11 The Plan is available on the Authority's website together with current information on our actual performance against targets. It is also published in hard copy for circulation to key partners and staff. The Plan is supported by promotional activities to ensure that the Authority's corporate aims and targets provide a cornerstone for all internal and external communication activities.
- 4.12 Effective performance management is in place to measure progress against objectives and to prompt remedial action where appropriate. Each performance indicator has an 'owner' at Service Management Team level to ensure that performance is regularly assessed against target. Significant progress has been made over the last four years in strengthening

performance management - notably in the continued development of our performance management information system.

- 4.13 We compare our performance with that for other services; so, for example, we make use of national benchmark information. These show that we are performing well when compared with other Fire and Rescue Services.
- 4.14 We include - as a separate section within our corporate plan - an annual report of our performance for the previous financial year (2011/12). It provides easy to understand information and charts summarising our performance.
- 4.15 The Authority has a good track record of monitoring its performance via the Performance Review and Scrutiny Committee. Our key performance indicators are reviewed by the Committee.
- 4.16 The Authority's staff appraisal arrangements¹¹ continue to ensure that all personnel are fully aware and engaged in helping to achieve the Authority's corporate aims. The development needs of individuals are summarised to inform our learning and development plans.
- 4.17 The Authority has developed a medium term financial plan to inform its corporate planning. This identifies the likely levels of funding available to the Authority, the cost of its current spending plans and the shortfall we are anticipating in future years. We have established a clear programme – the Financial Challenge – with the specific purpose of reducing spending to overcome the shortfall and ensure that we prioritise our spending. That has been successful to date and has enabled us to make important changes in a measured and methodical way .
- 4.18 Financial planning and management is fully integrated with, and driven by, the corporate planning and monitoring processes set out above. This includes processes for the forward planning of expenditure, consultation on budget proposals, setting and monitoring income and budgets, and completion of final accounts. The Authority's Budget Book, which is available on our website, is summarised in the joint (multi-authority) council tax leaflet. A simplified budget statement for 2011/12 was also included in our corporate Plan.
- 4.19 The Authority is implementing a number of changes including new information systems to support mobilising firefighters, networked control rooms, efficiency programmes. Over the past 18 months the service has strengthened its programme management arrangements to ensure programmes and projects are successfully delivered and the attendant risks and costs are appropriately managed.
- 4.20 The delivery of fire and rescue services and the associated community safety activity remains the Authority's core activity. The work not only covers emergency response but also seeks to protect the community and prevent emergencies occurring. The delivery of these services is heavily influenced by the Fire & Rescue Services Act 2004 and the National Framework which set out the Government's objectives for the service. The Authority's plans and priorities including its Integrated Risk Management Plan are set out in the Corporate Plan.

¹¹ Personal Development Review System

- 4.21 The Authority enjoys a constructive relationship with the Unions representing the staff groups within the service, through which meaningful consultation and negotiation on service issues takes place.
- 4.22 All operational activities are controlled through a series of operating procedures and standardised training and systems to safeguard the public, community assets and fire fighters' health and safety. The Authority is currently involved in a project to develop standard operating procedures. There is a comprehensive health and safety regime in place which was audited in 2009/10. standard.
- 4.23 The Authority has in place business continuity plans for dealing with major community incidents and disruptions to its own activities. The business continuity framework is updated annually to reflect changing needs and plans are regularly rehearsed to ensure that they operate effectively and where necessary, updated to reflect issues identified.
- 4.24 The environmental impact of the Authority's activities now also features prominently in planning and service delivery and the Authority is developing a carbon management plan aimed at reducing our carbon footprint'

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

- 5.1 The Authority has an established set of committees with clear terms of reference to support its work. These are:
- Finance and General Purposes Committee;
 - Governance Committee;
 - Performance Review and Scrutiny Committee;
 - Human Resources Committee; and
 - Standards Committee.
- 5.2 The current structure is based on a fundamental review of its committee structure undertaken in In 2009/10, overseen by the Governance Committee. The structure is kept under review and is expected to change again in 2012/13 when expected changes affecting the standards regime are introduced.
- 5.3 The Corporate Management Team (CMT) - a regular joint meeting of leading Members of the Authority and the Directors - provides a valuable 'sounding board' for members and officers to exchange ideas and discuss current issues although it is not a decision-making body. It also plays an important role in reviewing the Strategic Risk Register.
- 5.4 The Financial Challenge Board maintains an oversight of the implementation of the programme to match spending to available funding over the next four years and beyond.
- 5.5 The Authority has a set of standing orders, codes of conduct for members and officers, and a protocol for member/officer relations. The Authority also has a set of financial regulations and a scheme of delegation to officers.

These were significantly updated in 2004/05 and the Scheme of Delegation was amended in respect of handling minor estates matters in 2007.

- 5.6 In addition, the Service maintains a comprehensive set of 'Service Orders' setting out policies and procedures across a wide range of front-line services and support functions. These are regularly updated and we are currently involved in a collaboration with 22 fire and rescue services to standardise the operational procedures.
- 5.7 The Chief Officer is responsible for the effective operational management of the Service.
- 5.8 The Authority has appointed an external person to the combined role of Monitoring Officer and Clerk.
- 5.9 The financial management of the Authority is overseen by the Treasurer in conjunction with the Director of Corporate Services and the Chief Officer. The Treasurer, who holds the legal responsibilities¹², is also an external appointment.
- 5.10 There are advantages in having the roles performed by the Clerk and Treasurer who are not employed directly by the Service. It is a cost effective approach to procuring very specialist services and also provides a degree of impartiality derived from being independent of the Service's management.
- 5.11 The Authority, its committees and the Chief Officer have available to them a full range of professional advisers to enable them to carry out their functions effectively and in compliance with statutory requirements. Some legal, ICT, property and financial services are provided through contracts for services (service level agreements) with Hampshire County Council. Over the last two years, the day-to-day management of these arrangements has been strengthened with regular review meetings to discuss performance.
- 5.12 We have developed a number of Member "champions" who are involved in a range of areas such as the financial challenge, road safety and the environment.

Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- 6.1 The Authority operates in an open and transparent way. The Authority's meetings are open to the public. All of its papers and decisions are made available on our website.
- 6.2 There are a well-established set of core values and ethical standards which members and staff are expected to observe and promote. These values are underpinned by policies and procedures covering:

¹² Including the designated Section 151 responsibilities – Local Government Act

- Standing Orders governing the conduct of Authority business;
 - Financial Regulations;
 - Standing Orders relating to contracts;
 - Register of interests;
 - Members and Officers Codes of Conduct; and
 - Member/Officer relationship protocol.
- 6.3 The Governance Committee is responsible for monitoring, reviewing and reporting to the Authority on the governance arrangements.
- 6.4 The Authority has put in place effective policies and reporting arrangements to encourage an openness in the organisation:
- Complaints procedure;
 - Freedom of information and data protection policy;
 - Whistle-blowing policy; and
 - Anti-fraud and corruption policy.
- 6.5 The Service has a wide range of policies and guidance to support effective management which it continues to promote:
- Service Orders;
 - Guidance (toolkit) on managing partnerships;
 - Equality and diversity strategy and action plan;
 - Performance management system;
 - Personal Development Review (appraisal) system;
 - Learning and development plans;
 - Business continuity plans; and
 - A set of core values for staff and members (set out in our Plan).
- 6.6 The Service is seeking to ensure it is open and transparent and provides information for interested people. Examples include:
- Authority agendas, reports and minutes;
 - Published pay policy;
 - Members' allowances and
 - Details of items of expenditure over £500.
 - We are planning to publish more incident-related information for the public via the internet.
- 6.7 The Standards Committee has responsibility for maintaining high standards of probity amongst members through the provision of advice and training and by carrying out investigations into allegations of failure to comply with the Members' Code of Conduct.
- 6.8 The Standards Committee takes responsibility for the initial filtering of any complaints made against Members of the Authority. In 2011/12, no complaints against Members required investigation by the Standards Committee.
- 6.9 Advice is available to Members from the Clerk on any aspects of the Members Code of Conduct or conflicts of interest that may arise either before or, in most cases, at the point where the decision is to be made.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- 7.1 The Authority has a comprehensive risk management policy and maintains a dynamic strategic risk register. The register is regularly reviewed including a quarterly review by the Service Management Team and twice-yearly review by the Corporate Management Team. The Governance Committee has the additional responsibility for reviewing the policy and register. The register is presented annually to the Authority with any major changes highlighted. Reviews of register are regarded as a valuable part of our corporate planning process. They help us to prioritise actions in our corporate plan (and supporting plans) and embed risk management in the organisation.
- 7.2 The Performance Review and Scrutiny Committee oversees improvement planning and reporting on performance. It monitors progress on implementing the outcomes and recommendations of reviews. The Committee has responsibility for the scrutiny function and, with its wider terms of reference, has the authority to request post-implementation and evaluation reviews of major projects and decisions. It also receives all formal evaluation reports (e.g. from the implementation of corporate objectives).
- 7.3 The Authority has well established internal audit arrangements. There is an agreed strategic audit plan and an annual programme of internal audits which are prioritised according to risk and which test the control framework. In 2012 the Internal Audit Manager concluded:
- 'In my opinion, Hampshire Fire and Rescue Authority's framework of governance, risk management and management control is 'adequate' and audit testing has demonstrated controls to be working in practice.*
- 'Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.'*
- 7.4 External audit (undertaken by the Audit Commission) provides a further source of assurance by reviewing and reporting upon the Authority's internal control processes and any other matters relevant to their statutory functions and codes of practice. The Audit Commission's Annual Audit and Inspection Letter was presented and considered by the Governance Committee at its meeting on 22 November 2011. The Government has announced changes to the arrangements for external auditors which will be implemented in 2013/14.
- 7.5 The Governance Committee has responsibility for monitoring progress on the implementation of all agreed audit recommendations. The Governance Committee receives both internal and external audit plans and annual reports/management letters. We pride ourselves on the thorough way in which we monitor implementation of audit recommendations and consider it to be an example of best practice in our governance arrangements.
- 7.6 Effective, efficient and responsive systems of financial management are in place. The Authority's three-year financial management strategy is reviewed annually and incorporated in the budget book. The budget is monitored during the year at meetings of the Finance and General Purposes Committee and the final accounts report is reported to its July meeting. The Statement of

Accounts and Annual Governance Statement (this document) are considered by the Governance Committee at its June meeting.

- 7.7 Our property management strategy and property register have been enhanced by the implementation of a dynamic management information system that tracks buildings maintenance risks and needs identified in our three-year rolling programme of condition surveys.
- 7.8 The Authority has a well-established Health and Safety Policy¹³ which has been communicated widely to its staff. Full information and advice is available on our website. The Health and Safety Executive carried out a comprehensive assessment of our policies and practices in 2009. Overall, it was a positive report. The Governance Committee was responsible for monitoring the implementation of the action plan to address the various recommendations, and the Chairman of that committee is the Member champion for Health and Safety.
- 7.9 An 'Operational Assessment' was undertaken in 2010 by an external peer-review team led by the Chief Fire Officer of Greater Manchester Fire and Rescue Authority. We found this assessment extremely valuable. Again, it provided very positive reassurance on the way we deliver our operational responsibilities and duties. The Performance Review and Scrutiny Committee have monitored progress in implementing the recommendations arising from the assessment.

Principle 5: Developing the capacity and capability of members and officers to be effective

- 8.1 Members receive good induction training and a number of 'awareness' sessions on current topics are delivered during the year. These ensure that decision-making is based on good knowledge and understanding of the issues involved. Regular bulletins (Members' Updates) are issued and members also receive copies of key internal staff communications (e.g. our 'Extra' publications). The 25 Members are appointed to the various standing committees with the aim of spreading workloads and matching individual interests/expertise to the functions of the committees wherever possible.
- 8.2 Significant investment continues to be made in delivering training and development needs. The progress made in this area was formally recognised by the achievement (in 2010/11) of a Silver Award under the new, higher standard, Investors in People accreditation. We were the first fire and rescue authority to achieve the new higher standard and are now seeking to achieve further improvement as we prepare for re-accreditation in 2013.

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

- 9.1 Details given above demonstrate that the Authority is committed to engaging with the public and other stakeholders. We are actively working to develop a range of partnership working arrangements including joint procurement, potentially sharing support services, a networked fire control, and sharing of premises. The success of our partnership working continues to pay dividends. For example our successful and expanded 'co-responder scheme' with South

¹³ Service Order 8/1/1

Central Ambulance Service is saving lives and proving value for money to both partners.

- 9.2 Each year an extensive programme of consultation is undertaken (as part of our corporate planning process) to gather feedback on new policies and proposals. We have been particularly keen to engage with harder-to-reach sections of local communities as part of our equality and diversity strategy and action plan. We provide opportunities (via focus groups and website-based questionnaires) for stakeholders (including our staff) to suggest actions we might take to better meet our corporate aims and other priorities.
- 9.3 We have significantly improved our external and internal communications both through publications and the use of our website. We recognised that we could do more to actively promote those documents and procedures that help to improve our governance and scrutiny arrangements and will continue to promote more frequently our complaints procedure, whistle-blowing policy, and performance information.
- 9.4 We now produce an annual performance report (as a section within our corporate plan) which uses simple, but effective, graphs to show our stakeholders trends against the outcome targets we set.
- 9.5 In 2009 (as part of preparation for the 2011/12 to 2013/14 Plan) we undertook a significant staff consultation exercise called 'Project Engage'. The success of this initiative exceeded our expectations. Staff were asked to make suggestions on how the Authority should tackle five key challenges and over 1,500 suggestions were made. These have resulted in eight 'efficiency proposals' which we are implementing as part of our medium-term financial strategy to help reduce expenditure. We are intending to build on this as part of our preparation for budgets after 2014/15.

Ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the role of the chief financial officer in local government

- 10.1 The statement¹⁴ sets out five principles that define the core activities and behaviours that belong to the role of the chief financial officer and the governance arrangements needed to support them. These are that the chief financial officer should:
- Be a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
 - Be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy;
 - Lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
 - Lead and direct a finance function that is resourced and fit for purpose; and

¹⁴ 'The role of the chief financial officer in public services organisations' CIPFA 2010

- Be professionally qualified and suitably experienced.

10.2 The Authority has the following financial arrangements which demonstrate compliance with these key principles:

- Under the order¹⁵ which established the Authority, there is a requirement for the Authority to appoint a Treasurer who also is the Section 151 Officer. Since 1997 this appointment has been made under a service level agreement with Hampshire County Council. The Treasurer is also responsible for maintaining an effective internal audit service for the Authority.
- This arrangement provides the Authority with financial advisers who are directly involved in the day-to-day governance and financial management processes that operate within the Service. The Treasurer is involved at a strategic management level and attends meetings of the Authority, its Committees and senior management meetings within the Service. The Treasurer is involved in developing the medium-term financial strategy and plan.
- The Service employs a Director of Corporate Services, who is responsible for leading the part of the finance function which is within the Service, works closely with the Clerk and Treasurer to deliver sound financial management. The Director of Corporate Services is a member of the Service Management Team.
- All three officers are responsible for monitoring the effectiveness of governance arrangements and the preparation of the Annual Governance Statement.
- Finance staff within the Service and those within Hampshire County Council who are engaged under a service level agreement are suitably qualified and experienced. They have regular training as required to ensure continuing professional development.

11 Actions we have taken to improve our governance arrangements

- 11.1 The Financial Challenge Programme Board, under the Chairmanship of the Chief Officer and including a HFRA Member, is overseeing the achievement of all actions being taken to respond to the implications of the reduction in central government funding during the four-year Spending Review period 2011/12 to 2014/15 and beyond.
- 11.2 We have invested significantly in strengthening the arrangements we have in place for programme and project management. There is now a clear portfolio of projects which are now managed in accordance with best practice principles and systematically reviewed. We constantly benchmark best practice against other Fire and Rescue Services, public and private sector organisations and follow a maturity model based on Government recommendations to ensure continuous improvement.

¹⁵ Hampshire Fire Services (Combination Scheme) Order 1996

- 11.3 We have begun to shape the arrangements to be put in place following the abolition of the standards regime under the Localism Act.
- 11.4 We continue to share good practice with other fire and rescue authorities and engage with the peer assessment programme.
- 11.5 We have continued to develop out partnership arrangements including exploring in 2011/12 the opportunities for sharing support services with Hampshire Constabulary and Hampshire County Council.

12 Actions we will take to further improve our governance arrangements

- 12.1 We will be seeking to meet the requirements of the new national framework¹⁶ which is currently in draft. This is expected to incorporate risk assessment, national resilience considerations as well as local accountability, scrutiny and assurance requirements
- 12.2 In 2012/13 we intend to build on our approach to corporate planning by reviewing our strategic assessment of the context and factors affecting the delivery of service. This will underpin an approach focussed on addressing the key risks facing the community. We will look to improve our approach to engaging with the community we serve and explore options to improve the presentation of the plan, our performance and the work we do.
- 12.3 We expect to explore further opportunities for partnership working including shared support services, shared premises and possibly shared arrangements for the replacement of the standards committee.
- 12.4 We expect further to develop our approach to information management in 2012/13 including the possible introduction of a new document management system.
- 12.5 We will introduce revised arrangements following the abolition of the standards regime in the Localism Act, including combining the existing Standards and Governance Committees into one committee.

Signed:

Signed:

Chairman

Chief Officer

Date: 28 June 2012

Date: 28 June 2012

¹⁶ Fire and Rescue National Framework for England, DCLG (currently in draft)