

Annual Audit and Inspection Letter

Devon and Somerset Fire and Rescue Authority

Audit 2007/08

March 2009



Contents

Key messages	3
Purpose, responsibilities and scope	4
How is Devon and Somerset FRA performing?	5
The audit of the accounts and value for money	10
Looking ahead	13
Closing remarks	14

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Key messages

- 1 The Authority is improving well and delivers good results to its communities. It works well with young people on road and fire safety initiatives and, with partners, to help those most at risk.
- 2 It is delivering a much improved and consistent operational performance with reductions across important areas that affect communities including non-domestic fires, deliberate primary fires, and deliberate primary and secondary fires in vehicles.
- 3 The Authority's approach to environmental sustainability is not well advanced currently but senior managers recognise this and are committed to further development.
- 4 The newly combined Devon and Somerset Authority is implementing a sound base to sustain future improvement. It has revised and improved its corporate planning and performance and project management arrangements. It has undertaken a risk analysis to ensure resources are deployed where they are most needed, especially in prevention work.
- 5 The Authority works well in partnerships, and recognises it needs to do more to manage its contribution within Local Area Agreements as well as continuing work to secure outcomes from its equality and diversity policies.
- 6 Despite experiencing difficulties arising from combination, the authority produced a set of accounts which, following audit, were materially correct. An unqualified opinion was issued on 30 September 2008.
- 7 The Use of Resources assessment saw the new authority maintaining the predecessor bodies' scores of 3 - that is, performing well.

Action needed by the Authority

- 8 The authority needs to:
 - enhance its contribution to local strategic partnerships;
 - develop its approach to environmental sustainability issues;
 - ensure that effective steps are taken to address control weaknesses in key systems and implement effective quality assurance arrangements in the production of the 2008/09 financial statements - the Audit and Performance Review Committee has an important role in this regard; and
 - ensure that it is well positioned to meet the challenges of the new use of resources assessments from Spring 2009.

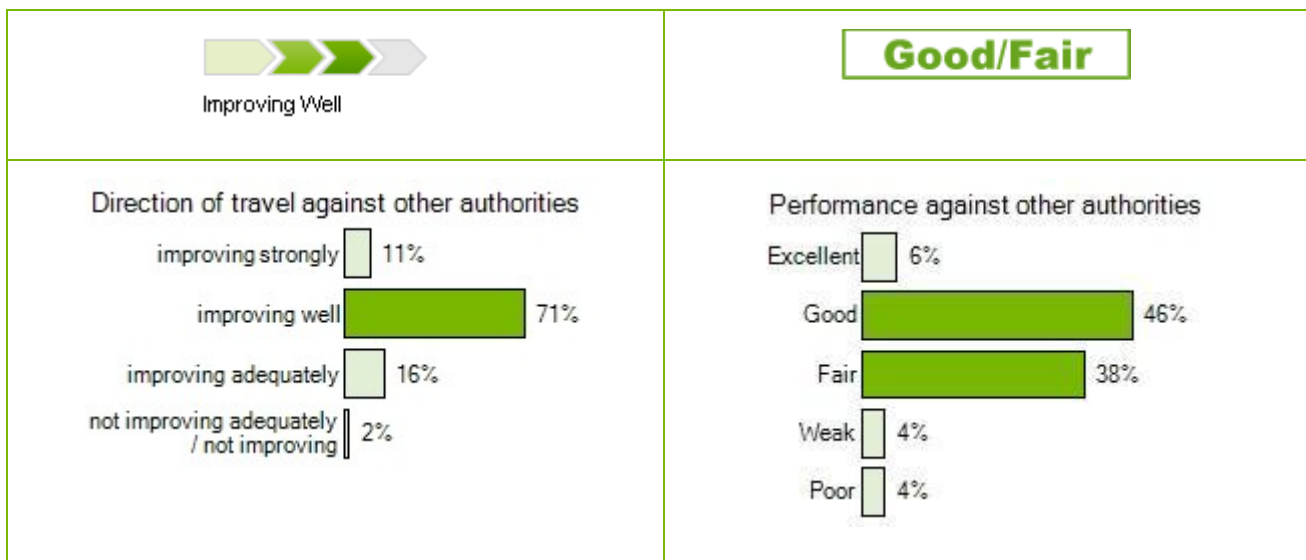
Purpose, responsibilities and scope

- 9 This report provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the most recent Comprehensive Performance Assessment (CPA) and Direction of Travel review and from the findings and conclusions from the audit of the Authority for 2007/08.
- 10 I have addressed this letter to members as it is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. I have made recommendations to assist the Authority in meeting its responsibilities.
- 11 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. (In addition the Authority is planning to publish it on its website).
- 12 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, he reviews and reports on:
 - the Authority's accounts;
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Authority's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 13 This letter includes the latest assessment on the Authority's performance under the CPA framework, including my Direction of Travel report. It summarises the key issues arising from the CPA.
- 14 I have listed the reports issued to the Authority relating to 2007/08 audit and inspection work at the end of this letter.

How is Devon and Somerset FRA performing?

- 15 The Audit Commission’s overall judgement is that Devon and Somerset Fire Authority is improving well.
- 16 The former Devon FRA demonstrated Good overall performance, while Somerset FRA demonstrated Fair overall performance in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. The latter assessed authorities on their corporate management, their achievements, community fire safety and how they planned to respond to incidents through their Integrated Risk Management Plan (IRMP). It did not consider tactical management of emergency response.
- 17 I have updated these assessments, through an updated corporate assessment, in authorities where there is evidence of change. The following chart shows the latest position across all Authorities.

Figure 1 Overall performance of authorities in CPA



Source: Audit Commission (Percentage figures do not add up to 100 per cent due to rounding)

The improvement since last year - our Direction of Travel report

What evidence is there of the Authority improving outcomes?

- 18 The Authority is making good progress in priority areas. Performance with regards to accidental dwelling fires is good. Accidental dwelling fires in the home have reduced by 10 per cent and casualties at these types of fire have reduced by 23 per cent. The long term trend in reducing fatalities at these types of fires also continues. The Authority is also performing well with regards to deliberate fires. Deliberate primary fires (excluding vehicles) have reduced by 11 per cent, deliberate primary fires in vehicles are down by 21 per cent, deliberate secondary fires (excluding vehicles) have reduced by 19 per cent and deliberate secondary fires in vehicles are down by 54 per cent. The Authority continues to work closely with premises to improve fire safety and undertakes a risk based inspection programme under the new Regulatory Reform (Fire Safety) Order.
- 19 The Authority works well with young people on community safety. There is a good strategy in place for Young People and Children designed to reduce fire risk and fire crime through education, and improve the opportunities for developing life skills by building on the core values of the fire service. The Phoenix Project and Fire Break Project are good examples where the Authority contributes to positive outcomes within communities by engaging with young people. The Authority also works well in partnership with the Ambulance Service and Police in education for example, the 'Contract for life' initiative and a workshop titled 'Too Young to Die' have achieved good impact and have been well received in schools and colleges. The Authority also supports students to complete a ten-week fire training course as part of the Duke of Edinburgh's Bronze Award Scheme and they partake in the 999 Work Experience schemes, where students gain experience in each of the blue light services.
- 20 The Authority works well in partnership to deliver enhanced services to the community. For example it works with the SW Ambulance Trust in delivering co-responders. New operating arrangements within the Service, including the use of small vans, have improved call handling and mobilisation times which means that vulnerable people receive help quicker.
- 21 The Authority is sending the right messages to the community. During the year it made its first prosecution under the Fire Safety order. This sends a clear message that failure to comply with fire safety law will result in legal sanctions.
- 22 The Authority is improving access to services. It works hard to ensure it understands the needs of its community to improve access. For example it has worked with Exeter University in analysing the needs of the community and identifying areas of high risk. It has moved resources to ensure it responds to emergency calls in the most effective way. It has also used this information to improve community safety by targeting education activity, home safety visits, leaflet drops, presence at fetes and other external events and open days at Stations. Notably the Authority has employed a retained fire-fighter who was a traveller and this ensures that it has a good understanding of the needs of this group of people. This has also improved communication and access to services.

How is Devon and Somerset FRA performing?

- 23 The Authority works with others to improve access to services. For example, it has worked in partnership to ensure the hard of hearing get appropriate equipment. It has held a number of external events to demonstrate to the hard of hearing that suitable fire alarms are available and it has supported the purchase and installation of these.
- 24 Overall the Authority is delivering value for money. It has clear high level objectives to deliver better value for money and is developing a framework to demonstrate this more clearly. A key driver in combination is to improve value for money and service quality, and to deliver three million pounds of efficiencies over the next five years. Efficiencies have already been found in reducing management costs, dual crewing, reducing vehicle maintenance costs, rationalising training costs, delivering better and cheaper ICT support, and in securing more cost effective insurance arrangements. Partnership working also enables the Authority to deliver efficiencies, for example, the Authority shares premises with the Ambulance service in Sidmouth and Exmouth. It has also worked with the Police in providing a new station at Middlemoor. The new station will realise further efficiencies by releasing current rental costs and enhanced services.
- 25 The Authority challenges service delivery well to realise value for money and further efficiencies. Following extensive research in conjunction with the University of Exeter and Dorset Fire and Rescue Service, the Authority has agreed new emergency response standards for attending house fires and they are piloting new standards for road traffic collisions. These new response standards represent significant progress for the Authority by providing and managing response services based on the assessment of local risk.
- 26 Procurement is improving and helping to deliver better value for money. There is more capacity in the procurement team and an improved procurement service in place. The profile of procurement has improved across the organisation. Recent improvements have been realised in the use of procurement cards, for example, there is good control over the use of procurement cards and spending, these improvements have helped to reduce administration costs, transaction costs and levels of invoicing. Of particular note is the development of a shared contract database which will help align contracts and deliver efficiencies.

How much progress is being made to implement plans to sustain future improvements?

- 27 Business planning within the Authority is strong. It has revised its Corporate Business plan and there are good well integrated plans in place across the Authority. Underpinning the Corporate Plan are the Department, Area, Group, Community, Section and Individual Personal Development Plans. Business plans are generally good and the Authority faces the challenges brought by working in a number of different partnerships well. A key challenge for the organisation is that the differing targets and priorities of each of the partnerships must also be reflected in the Authorities plans. This is achieved through the hierarchy of plans in place.
- 28 The Authority is making good progress against its plans. It has a five year programme to deliver improvements and efficiencies after combination. The approach the Authority is using is sensible and well managed. It has prioritised issues that it can manage within its capacity. However, progress on harmonisation slowed and in response the Authority established a dedicated project team.

- 29 The Authority has been working hard to address absence management. Absence management was highlighted as one of the measures not met in 2007/8 and as a consequence the Service has discussed with Committee Members activities and plans for the future. A Working Group was set up in 2008 with representation from Human Resources, Uniformed Officers, Corporate Risk and H&S. Subsequently there has been more robust handling of long term sickness and this has delivered some improvements.
- 30 The Authority has the capacity to deliver its future plans. Since combination additional capacity has been created in finance, procurement, performance and review, and in specialist services such as fire investigation. Retained fire fighters have been trained for and are paid to deliver community fire safety initiatives. A large amount of infrastructure work is being delivered including new telecommunication and financial systems, and better vehicle maintenance processes. Understandably, some of the benefits from additional capacity gained from combination have yet to be realised.
- 31 Partnership arrangements are improving. The Authority has worked hard to improve these after the management of partnerships was identified as a weakness in previous assessments. For example, the Authority has identified all levels of partnerships in place in the organisation and has mapped these. All partnership arrangements are prioritised to ensure resources are allocated appropriately. The Authority needs to extend its influence within the various strategic partnerships it contributes too and the new Chief Fire Officer is already considering this.
- 32 The Authority has good project management tools in place which are used effectively. A new project control tool has been developed to assist with the scoping and monitoring of projects. All projects are now approved by Service Managers and monitored alongside the targets in the corporate plan. The monthly performance report includes the status of all projects. Progress against the Corporate Plan and LAA targets is monitored by the Service Delivery Group meetings.
- 33 Performance management is good and improving. The quantity and quality of performance information has significantly improved. There is good timely information given to managers and Members. Performance and financial information is challenged by senior managers and Members. Senior Management Board (SMB) provides the opportunity to change direction and take action where there are any deviations in performance. If an area is poor performing the senior officer responsible has to deliver an action plan and officers are held to account.
- 34 The Authority is making satisfactory progress with its Equality and Diversity agenda. There is a new policy, 'making the connections', this support the six diversity strands within the Service and emerging legislation. Training has been undertaken and continues and an e-learning equality and diversity training package has been developed to support the classroom based learning and assist cultural change. There is increasing awareness and commitment from staff to this agenda. The Authority also actively supports the National Disabled Fire-fighters Association. However, it also recognises that there is still work to do to embed equality and diversity in the organisation.

Service assessment

- 35** The Commission undertakes a fire and rescue service assessment of Authorities annually. The assessment focuses on service delivery and looks at the effectiveness of the service as experienced by recipients of the service. It is constructed from two elements.
- The performance information element (an analysis of outcome focused best value performance indicators selected from those nationally available to assess the outcome of the services delivered by the authority).
 - The operational assessment of service delivery element (provided to the Commission by the Department of Communities and Local Government (DCLG)).
- 36** For 2007/08, however, it has not been possible to produce an assessment for Devon and Somerset because the assessment uses data from 2005/06 to 2007/08. With combination taking place in April 2007, any data for this period would be incomplete for the new combined authority.

The audit of the accounts and value for money

- 37** Your appointed auditor has reported separately to Audit and Performance Review Committee on the issues arising from his 2007/08 audit and has issued:
- the audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 38** The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas:
- Financial reporting (including the preparation of the accounts of the Authority and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support Authority priorities).
 - Financial standing (including the strength of the Authority's financial position).
 - Internal control (including how effectively the Authority maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Authority balances the costs and quality of its services).
- 39** For the purposes of the CPA the Authority's arrangements for use of resources in these five areas have been assessed as overleaf. The overall assessment of 3 is that the Authority is performing well - consistently above minimum requirements.

Table 1 Use of Resources 2008

Element	Assessment
Financial reporting	2 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	2 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1 = lowest, 4 = highest)

The key issues arising from the audit

Financial statements and the control environment

- 40 The 2007/08 accounts are the first year accounts for the combined Fire Authority. This, together with new SORP and pension requirements, led to some difficulties in the preparation and audit of the financial statements. Nevertheless, the accounts staff were responsive throughout the audit, working with auditors to produce a materially correct set of accounts.
- 41 The statements submitted for audit contained a material error and the notes and disclosures in the accounts were deficient in a number of areas. These errors and omissions arose mainly from combination and were reported in our Annual Governance Report to the Audit and Performance Review Committee. A number of non-trivial errors and omissions identified at audit were also corrected in the accounts.
- 42 Detailed reports to management on the control environment and the statements recommended the strengthening of internal controls in some key systems. In particular the need to strengthen the recording of fixed assets and to maintain up-to-date reconciliations was highlighted.
- 43 It was also recommended that the Authority's quality assurance arrangements for the financial statements should be reviewed and strengthened. Action plans have been agreed with management to address these issues. Audit Commission workshops have been held for accountants, and auditors are liaising closely with their accountancy counterparts in preparation for the 2008/09 accounts audit.

Use of resources

- 44 The use of resources assessment identified two main areas with scope for improvement under the existing assessment regime.
- Financial reporting
 - Internal control.
- 45 Most of the issues arising under the financial reporting theme were as a result of combination and should not recur if audit recommendations are implemented.
- 46 However, under the internal control theme there is scope to strengthen several elements.
- Risk management arrangements and training.
 - Partnership governance arrangements.
 - Various aspects of the framework for ensuring probity within the organisation.
- 47 The assessment regime changes from 2009 and is more focused upon the delivery of outputs and how well local people are being served.
- 48 Auditors are having regular liaison meetings with management to help prepare for the new assessment. Workshops for members have also been undertaken at many bodies although, to date, comprehensive presentations by management have provided information for members at Devon and Somerset FRA.

Looking ahead

- 49 The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 50 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 51 The first results of my work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 52 This letter has been discussed and agreed with management. A copy of the letter will be presented at the full Authority meeting on 31 March 2009. Copies need to be provided to all Authority members.
- 53 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

Table 2 Reports issued

Report	Date of issue
Audit and inspection plan	March 2007
Audit opinion plan letter	August 2008
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Control environment and systems report	December 2008
Final accounts memorandum	December 2008
Use of resources	December 2008
Annual audit and inspection letter	March 2009

- 54 The Authority has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Authority's staff for their support and cooperation during the audit.

Availability of this letter

- 55 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Authority's website.

Martin Green
Comprehensive Area Assessment Lead

March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
