

Annual Audit and Inspection Letter

Devon Fire and Rescue Authority

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Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

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

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

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Authority, drawing on the findings and conclusions from our audit work. The letter includes our review of how well the Authority has progressed (our Direction of Travel report), a service assessment and the auditor's assessment of how well it has managed its finances (the Use of Resources scores).
- 2 The report is addressed to the Authority, in particular it has been written for members of the Authority, but is available as a public document for stakeholders, including members of the community served by the Authority.
- 3 The main messages for the Authority included in this report are the following.
 - Our assessment of Use of Resources rated the Authority as performing well and our Direction of Travel assessment, which assesses improvement since CPA, has rated the Authority as improving adequately.
 - The Government's Operational Assessment of Service Delivery rated Devon as performing well.
 - The Authority is making good progress in delivering outcomes to its communities. Many of these outcomes are being achieved through effective partnership working which is helping to maximise their impact.
 - The Authority is responding effectively to emergency incidents and is extending the co-responder initiative in many rural areas.
 - Devon is achieving good levels of service performance. Over the last three years the overall numbers of fires, deaths and injuries from fires are falling and deaths and injuries from road traffic collisions are reducing.
 - Performance management continues to improve, although some weaknesses remain. A performance culture has yet to be developed at station level.
 - Good progress is being maintained in implementing the requirements of the National Framework for fire and rescue authorities.
 - Combination with Somerset Fire and Rescue is being progressed. Business planning continues to be strong and the Authority has the capacity to deliver its future plans.
 - Nevertheless, despite improvements in employee relations, the authority has not been successful in fully engaging staff in the process of change, and capacity is reduced by an above average level of sickness absence.
 - While the Authority has a clear and strong commitment to diversity and engagement with hard to reach groups, it needs to further develop its approach to equalities and diversity.

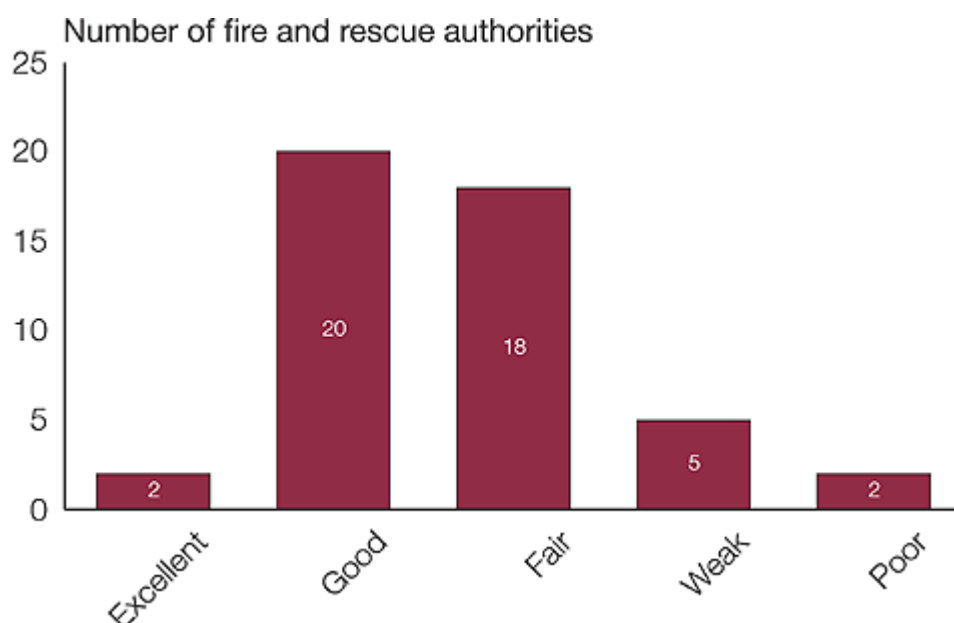
Action needed by the Authority

- 4 The following actions are recommended.
- Maintain a focus on performance management and, in particular, on developing a performance culture at station level.
 - Maintain engagement and communication with employees and their representative groups. This will be key to help ensure a smooth transition to combination with Somerset Fire and Rescue.
 - Senior managers and members should pro-actively drive and champion the diversity agenda both internally and externally.
 - Ensure that the impact of wider partnership activity is consistently monitored and managed. Partnerships need to be well managed, prioritised, and appropriately monitored in according to their size and nature.
 - Reduce staff sickness absence by taking clear and consistent action at all levels.
 - Ensure that mechanisms are in place to test the increased VFM that is the aim of combination.
 - Closely monitor the achievement of efficiency savings that are an essential part of the budget for combination.

How is the Authority performing?

- 5 Devon Fire and Rescue Authority was assessed as Good in the Fire and Rescue Comprehensive Performance Assessment (CPA) carried out in 2005. The CPA 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. The following chart shows the latest position across all Authorities.

Table 1 Overall performance of authorities in CPA



Improvement since last year - our Direction of Travel report

- 6 We have assessed the Fire and Rescue Authority as **improving adequately**.
- 7 The Authority has a clear vision: 'Helping Make Devon Safe'. Since the 2005 comprehensive performance assessment it has revisited its strategic goals and has prioritised its objectives.
- 8 The Authority's top priorities are to:
- reduce deaths and injuries in accidental fires;
 - reduce deliberate fires; and
 - make efficient use of resources to ensure a balance between response and prevention across all sectors of the community.

What evidence is there of the Fire and Rescue authority improving outcomes?

- 9 The Authority is making good progress in delivering outcomes to its communities. Many of these outcomes are being achieved through effective partnership working which is helping maximise their impact. Examples include safety initiatives which have been successfully developed to promote the preventative message to the wider community. In particular the delivery of home fire safety checks with social services and the fitting of smoke alarms by trained volunteers. This resulted in 3,507 home fire safety checks and 4,098 smoke alarms being fitted in 2006.
- 10 In Torbay the Authority is working with Sure Start to ensure the creation of fire escape plans and the provision of stair gates in homes with children under the age of four. The Authority has improved its knowledge and understanding of local communities through risk profiling. This is enabling the authority to continue to target prevention activity at the most vulnerable sectors of the community. Devon is maintaining good progress in prevention activity.
- 11 The Authority is responding effectively to emergency incidents. Devon is responding well to the challenges encountered in delivering services in a large rural county and continues to improve its response to incidents. The Authority has achieved quantifiable outcomes from partnership working. For example, several fire stations are shared with Devon and Cornwall Police or the Ambulance Trust and this is helping provide a more co-ordinated response to incidents.
- 12 The service is extending the co-responder initiative in many rural areas of Devon and attended over 1,600 life-threatening medical emergencies in 2005/06. There are effective systems for the mobilisation of search and rescue teams and in 2006 this helped resolve a number of complex incidents. A more effective emergency response has been aided by reducing the numbers of malicious false alarms which have fallen by 50 per cent over the past three years. As a result the effectiveness and efficiency of the service is improving.
- 13 Devon is achieving good levels of service performance in many areas. Over the last three years the overall numbers of fires and deaths from fires are falling. Deaths and injuries from road traffic collisions are also reducing. The government's recent Operational Assessment indicated that Devon is performing well. Best Value Performance Indicators (BVPIs) show a reduction in the number of primary fires and good performance in containing accidental fires between 2003/04 and 2005/06.
- 14 The Authority is among the best performing in the country for reducing the number of malicious calls. However, the numbers of accidental fires in dwellings, deaths from accidental fires in dwellings, and injuries increased from 2004/05 and 2005/06. Unaudited data for 2006/07 indicates that performance for these three indicators is showing significant improvement.

- 15 Devon's arrangements for achieving and managing value for money are progressing well. The Authority has high public satisfaction, and high good service performance in line with its priorities. Costs reflect local circumstances and are being balanced with the challenges of working in a large rural county. The quality of the services is improving in many instances. In particular, in reducing the incidence of arson.
- 16 Effective partnership working and use of external funding has increased capacity in community fire safety and support services. Efficiency targets are being consistently met. This is placing the authority in a better position to help sustain improvement. The link between costs and service performance is strengthened annually through a robust prioritisation and budgeting profiling process. This is well linked to the medium term financial plan and IRMP and, increasingly, with the capital strategy.
- 17 The Authority has clear objectives to deliver value for money and there is an effective framework for monitoring and reviewing financial and service performance. As a result, costs and performance are better understood and appropriately challenged by managers and members.
- 18 The Authority has a strong track record of user focus across a range of its work. Despite the limited engagement of members in championing diversity issues, the Authority is improving its approach to addressing diversity issues. The Authority's senior management team better matches the local demographic profile of Devon and an increasing number of female and disabled firefighters are being recruited. The Authority has achieved level 2 of the local government diversity standard and is making progress towards achieving level 3. Fire stations are being actively used as community resources with facilities made available to community groups. Disabled access to facilities is also steadily improving.
- 19 The community is effectively consulted via surveys, focus groups and consultation events, many of which are targeted at diverse sectors of the community. External communication is improving and this has resulted in an increase in television, radio and newspaper coverage. Electronic access is also improving and the authority's website is more accessible. As a result, access to services is improving.

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

- 20 Business planning continues to be strong. A revised Business plan 2006-2011 has been implemented. The plan is now a single document incorporating the Best Value Performance Plan, Integrated Risk Management Action Plan and the Strategic Plan. These plans are well communicated to staff and partners. The business plan contains key objectives and service priorities which are supported by clear and measurable targets. The Medium Term Financial Plan (MTFP) directly supports business planning and ensures that future plans and targets are both realistic and affordable. Robust future plans and a clear vision is helping the Authority to plan for the future.

- 21 The Authority is making good progress towards combination with Somerset Fire and Rescue Authority. Much of Devon's focus and corporate capacity has been directed towards this project which is the first voluntary combination in the country. Value for money and increasing capacity to deliver a modern fire and rescue services were the main drivers for Devon and Somerset to apply for combination. The project has been well managed from an early option appraisal through to managing an ambitious timetable. Government approval has been given and governance arrangements are being effectively implemented ready for full combination on the 1 April 2007. Devon is working well with Somerset and external review has confirmed that both authorities have managed the project well with good progress towards implementation.
- 22 Good progress is being maintained in implementing the requirements of the National Framework for fire and rescue authorities. Clear progress has been made in integrating the IRMP into business planning processes, working with children and young people, developing its staff using the Integrated Personal Development System (IPDS), moving from rank to role and in greater flexibility of duty systems. There is an effective and supportive approach to the Regional Management Board (RMB). Devon has provided much of the capacity to administer the RMB, and Devon's Chairman continues to chair the RMB. The Authority is making good use of the regional procurement strategy and has introduced the regional policies on staff discipline and sickness absence. Devon has made a clear contribution which is placing it in a better position to sustain improvement.
- 23 Devon Fire and Rescue Authority has the capacity to deliver its future plans. More flexible staff arrangements have been introduced, and additional operational staff have been trained to deliver community fire safety initiatives. Internal communications are being improved particularly in communicating key staff issues concerning the combination project. The Authority has effectively focused corporate resources on the delivery of the combination project. The Authority has the financial capacity to deliver its priorities through an effective MTFP. Lower than anticipated financial settlements are being supplemented through external funding, finding efficiency savings including better procurement arrangements and managing reserves more effectively. As a result the Authority can have confidence that it can deliver plans to create the new combined authority.
- 24 Performance management continues to improve although some weaknesses remain. Business planning is more robust and objectives are more outcomes focused. This is a clear improvement since CPA. The performance management framework is being successfully implemented including better reporting of financial and service performance information. Risk management arrangements are developing steadily and becoming more integrated into business planning. However, a performance culture has yet to be developed and is lacking at station level where there are inconsistencies in terms of monitoring and demonstrating the impact of staff development plans. These issues are generally recognised by the Authority and measures are being taken to manage improvements.

- 25 A number of risks to sustaining improvement remain. Staff morale is low as not all staff feel fully engaged in the process of change. The implementation of the national framework has also de-motivated some staff. Capacity is also being reduced by high levels of sickness absence. Unaudited data for 2006/07 shows that sickness absence is decreasing but remains slightly above the national average for fire authorities.

Service assessment

- 26 The Audit Commission has undertaken a fire and rescue service assessment of the Authority. This focused on service delivery and looked at the effectiveness of the service as experienced by its recipients. The assessment was 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; and
 - the Operational Assessment of Service Delivery element, provided to the Commission by the Department of Communities and Local Government (DCLG).
- 27 The assessments for Devon Fire and Rescue Authority are summarised in Table 2 below.

Table 2 Fire and rescue service assessment

Element	Assessment
Performance indicator	3 out of 4
Operational assessment of service delivery	3 out of 4
Overall fire and rescue service assessment	3 - Performing well – consistently above minimum requirements

Source: Audit Commission

- 28 DCLG’s Operational Assessment of Service Delivery assessed the planning and delivery of emergency response. The following text is provided by DCLG as part of their assessment of Devon Fire and Rescue Authority.

- Devon Fire and Rescue Service is performing well in all areas of service delivery from risk analysis to its emergency response services. It has a clear vision of 'Helping make Devon safe' and its business plan details the goals and objectives which will deliver this vision. Protection and prevention is a priority for the Service and this is evident across the organisation.
- The Service has an effective performance management system, and good training and development practices. The Service has a good community risk profiling process which is shared with, and used by, staff to inform activity at a service delivery level. Information is successfully used to put additional safety measures in place for vulnerable members of the community.
- The Service has made some progress on equality and diversity impact assessments, but there is a lack of a systematic approach to the completion of the remainder of service delivery policies and procedures.
- Overall, the Service is performing well and is currently developing plans for combining with Somerset Fire and Rescue Service.

Financial management and value for money

- 29 As your appointed auditor I have reported separately to the Authority on 15 September 2006 on the issues arising from our 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - 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.
- 30 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).
- 31 For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 3 Use of resources

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)

32 Key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows.

- The Authority produces annual accounts in accordance with relevant standards and timetables.
- The Authority manages its spending well within the available resources.
- It has a strong approach to medium term financial planning, preparing budgets, managing the capital programme, and good financial management arrangements. Performance is managed well against budgets.
- However, the methods for identifying and profiling savings and efficiency gains are in their infancy and need strengthening.
- Also there is no process for regular property review to optimise corporate asset use and processes for improving asset performance are underdeveloped.
- The business risk register is well developed and is used well to inform activities. A business continuity plan is in place.
- The Authority has documents, procedures, and verification processes in place to maintain a sound day-to-day system of internal control.
- The Standards Committee meets minimum requirements but does not have a regular meeting schedule and meets infrequently. This restricts the committee from providing leadership in promoting ethical standards and accountability.
- The Authority has a clear understanding of how well it is achieving value for money. The link between costs and service performance is strengthened annually through a robust business planning and budgeting process. This is well-linked to the medium financial plan and the capital strategy.
- Efficiency targets are consistently being met and Devon is actively pursuing the potential for further value for money by combining with Somerset Fire and Rescue Authority.
- The Authority has a strong commitment to working in partnership which is helping to build capacity and deliver better outcomes for people in Devon.

33 Further development is required principally in the following areas.

- Ensure that arrangements enable members to robustly scrutinise and discuss the accounts prior to approval.
- Use the MTFP to model balances and demonstrate to members matters such as likely precepting requirements.
- Establish processes which allow members to monitor savings and efficiency gains throughout the year to ensure their achievement.
- Review the methods of highlighting variances to members. There is potential to strengthen this by a 'traffic light' or similar system.
- Establish responsibilities and processes for assessing and reporting the performance of the property portfolio and for assessing and challenging asset usage.

- Re-establish regular up-dating of the risk register, establish stronger member involvement and undertake member training in risk management.
- Improve governance arrangements for partnerships, and review standing orders, standing financial instructions and the scheme of delegation to ensure that they specifically cover partnership arrangements.
- Establish a regular meeting schedule for the Standards Committee and a programme for it to provide greater leadership in promoting ethical standards and accountability (or establish alternative arrangements to achieve this aim).
- Complete the member development strategy (incorporating ethics training).
- Demonstrate the impact and value for money obtained from partnerships, and integrate the evaluation of partnership working fully into the performance management framework.
- Fully evaluate outcomes from the capital programme in accordance with strategic objectives.
- Use high quality benchmarking information to actively manage performance, improve value for money and target resources.

Accounts 2005/06

- 34 An unqualified opinion was given on the 2005/06 accounts. Our governance report to the Audit Committee on 15 September 2007 noted that no material mis-statements had been identified.
- 35 A small number of non-material mis-statements were found but were not corrected in the 2005/06 accounts. They will be corrected in 2006/07, where appropriate.

Best value performance plan

- 36 The 2005/06 BVPP complied with the statutory requirements. Our report was unqualified and made no statutory recommendations.

Conclusion

- 37 This letter will be discussed and agreed with officers. A copy of the letter will be presented at the first Audit and Performance Review Committee meeting of the Devon and Somerset Fire and Rescue Service.
- 38 The Authority has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the Authority's assistance and co-operation.

Availability of this letter

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

Peter Lawrence

Relationship Manager and District Auditor