

# Annual Governance Report

Tyne and Wear Fire and Rescue Authority

Audit 2009/10

September 2010

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## **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.
-

Ladies and Gentlemen

**2009/10 Annual Governance Report**

I am pleased to present the results of my audit work for 2009/10.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements set out in this report ; and
- approve the letter of representation on behalf of the Authority before I issue my opinion and conclusion (Appendix 2).

Yours faithfully

Steve Nicklin  
District Auditor

September 2010

# Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

| <b>Financial statements</b>                     | <b>Results</b> | <b>Page</b> |
|---|----------------|-------------|
| Unqualified audit opinion                       | Yes            | 7           |
| Financial statements free from material error   | Yes            | 7           |
| Adequate internal control environment           | Yes            | 8           |
| <b>Value for money</b>                          | <b>Results</b> | <b>Page</b> |
| Adequate arrangements to secure value for money | Yes            | 10          |

## Audit opinion

- 1 The 2009-10 audit is now substantially complete and I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

## Financial statements

- 2 The Authority has been faced with complex changes to local government accounting requirements in 2009-10. Overall however the financial statements and working papers were prepared to a good standard and officers have responded promptly to our queries and requests for further information.
- 3 Officers have agreed to make a number of amendments as a result of our audit work, but none of these amendments impact upon the Authority's financial performance for the year, or the levels of reserves and balances previously reported to you.

## Value for money

- 4 As shown in Appendix 3, all of the relevant criteria specified by the Audit Commission for fire and rescue authorities have been met. The Authority continues to manage its finances effectively, whilst at the same time delivering efficiencies and improved outcomes in key areas of activity.
- 5 I therefore intend to issue an unqualified value for money conclusion as part of my audit opinion for 2009-10.

## Key messages

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### Audit fees

6 No changes have been made to the audit fees agreed with you on 22 March 2010.

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### Independence

7 I can confirm that there were no relationships between my audit team and Authority members or staff giving rise to a threat to independence, objectivity and integrity.

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# Next steps

**This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.**

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**8** I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements which are set out in this report ; and
- approve the letter of representation on behalf of the Authority before I issue my opinion and conclusion (Appendix 2).

# Financial statements

**The financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As Authority members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.**

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## Opinion on the financial statements

- 9** My audit is now substantially complete and I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.
- 

## Errors in the financial statements

- 10** The Authority has been faced with complex changes to local government accounting requirements in 2009-10. Overall however the financial statements and working papers were prepared to a good standard and officers have responded promptly to our queries and requests for further information.
- 11** Officers have agreed to make the following amendments as a result of our audit work :
- The Cash Flow Statement has been amended to correctly reflect the prior period adjustments in respect of Council Tax and the Private Finance Initiative (PFI) Phase 1
  - Comparative information in respect of the Council Tax prior period adjustment has been amended to correct a £91,000 journal misposting
  - Additional disclosures have been made in respect of recent pension changes and retained firefighter back pay awards
  - Presentational adjustments have been made to the net asset statement in the Firefighters' Pension Fund Account
  - General Fund balances have been consolidated on the face of the Balance Sheet
  - £0.1m payments in advance have been re-analysed as long term debtors
  - Comparative information and additional explanations have been included in respect of officers' emoluments in Note 7
  - Additional disclosures have been made to reflect the future financial obligations in respect of PFI Phase 2 (Tynemouth Fire Station), and
  - £0.8m creditors have been reanalysed as capital grants unapplied.
- 12** None of these amendments impact upon the Authority's financial performance for the year, or the levels of reserves and balances previously reported to you.
-

13 In addition, a small number of minor discrepancies and presentational errors have also been corrected.

**Key areas of judgement and audit risk**

14 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

**Table 1 Key areas of judgement and audit risk**

| Issue or risk   | Finding  |
|---|--|
| The Authority is required to comply with IFRIC12 in its financial statements for 2009/10. This will require you to reassess the accounting treatment of the existing PFI schemes, and may require you to include the assets and associated liabilities in your financial statements this year.        | We have reviewed the accounting treatment of PFI schemes in light of IFRIC12 and other guidance in the SORP 2009. The only errors identified related to the impact on the Cash Flow Statement, these have been amended.                  |
| The Authority has interests in limited companies (NEFCCL) which need to be accounted for as a joint venture in accordance with SORP requirements.   | We have confirmed that the Authority's interest in NEFCCL is fully disclosed and properly accounted for.   |
| The most significant and complex assertions in the accounts relate to fixed assets and pensions obligations.  | We have undertaken appropriate testing and confirmed that these assets have been correctly valued and accounted for.   |
| Sunderland City Council provides the Authority with support services, and undertakes its treasury management function.  | We have undertaken appropriate testing to confirm that shared costs and balances have been correctly allocated, and have sought specific representations from management.  |
| The SORP 2009 implements changes to the reporting and disclosure requirements in 2009/10. The most significant changes for this Authority relate to officer remuneration disclosures and agency accounting. There is a risk that the Authority does not fully and accurately implement these changes. | We have reviewed the financial statements to ensure that SORP changes have been fully and accurately complied with. Errors identified in respect of officer emolument disclosures and council Tax agency accounting have been corrected. |

**Accounting practice and financial reporting**

15 I consider the non-numeric content of your financial reporting. Table 2 contains the issues I have raised during the course of our work.



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**Table 2     Accounting Practice and financial reporting**

| <b>Issue</b>   | <b>Finding</b>  |
|--|---|
| PFI grant has been treated as a service specific grant and allocated to net cost of services rather than a general source of income in the Income and Expenditure account. | Accounting guidance on this issue is not clear, but officers have confirmed that the accounting treatment adopted in respect of PFI grant is consistent with DCLG grant terms and conditions, how they apply the grant in practice and how neighbouring authorities treat similar grant payments. We have accepted the accounting treatment on this basis and have requested confirmation via the Letter of Representation in Appendix 2. |
| Detailed audit testing has highlighted that legal title to the land at Dryden Fire Station is owned by Gateshead Council.  | Action has been taken to transfer the land to the Authority.  |

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### Significant Internal Control Weaknesses

**16** My work this year has identified no such weaknesses to report to you.

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### Letter of representation

**17** Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 2 contains the draft letter of representation.

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# Value for money

**I am required to decide whether the Authority has put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.**

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## Value for money conclusion

- 18** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. I have shown my conclusions on each of the specified areas in Appendix 3.
- 19** The Authority has maintained the strengths we identified last year in relation to financial planning and reporting, internal control, governance and partnership arrangements. We have also noted a number of improvements since 2008/09, as follows:
- Performance monitoring has developed significantly, with a performance action group established to improve accountability and share best practice. Detailed incident reports at district/station level have enabled more focussed preventative activity, as a result, kitchen fires have reduced by 11% and antisocial behaviour fires by 57%.
  - Costs and performance have generally improved relative to other metropolitan fire services, with continued reductions in the numbers of deliberate and accidental primary fires, high levels of public satisfaction with the service, better targeting of preventative and community safety work and generally good outcomes from partnership initiatives. All key IRMP activity objectives have been met.
  - There is increasing willingness to challenge established ways of doing things, with rigorous cost/benefit analysis and an expectation that all staff will identify and deliver efficiencies within their own service areas. Back office functions have also been reviewed using "lean thinking" techniques.
- 20** Management of natural resources was assessed as a value for money criteria for the first time in 2009-10. The Authority displays a clear commitment to managing its impact on the environment, and has delivered a number of successful outcomes in this area.
- 21** Inevitably there remains some scope for improvement. Deliberate secondary fires remain high compared to other metropolitan fire authorities, as do automatic fire alarm call-outs, and the Authority has plans in place to tackle these areas in the coming the year.
- 22** The Authority is well placed financially, but recognises that the financial pressures it will face in the future may demand more difficult choices and changes to the established patterns of service provision. This is reflected in the medium term financial plan. Our future work will also focus on financial resilience, delivery of identified efficiency savings, and improvements to value for money.

# Glossary

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## Annual governance statement

- 23** Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 24** It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 25** The annual governance statement is a public report by the Authority on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
- 

## Audit closure certificate

- 26** A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.
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## Audit opinion

- 27** On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:
- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
  - whether they have been prepared properly, following the relevant accounting rules.
- 

## Qualified

- 28** The auditor has some reservations or concerns.
- 

## Unqualified

- 29** The auditor does not have any reservations or concerns.
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**Value for money conclusion**

- 30** The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

# Appendix 1 – Independent auditor’s report to Members of Tyne and Wear Fire and Rescue Authority

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## Opinion on the accounting statements

I have audited the accounting statements, the firefighters’ pension fund accounting statements and related notes of Tyne and Wear Fire and Rescue Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, and the related notes. The firefighters’ pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The accounting statements and firefighters’ pension fund accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of Tyne and Wear Fire and Rescue Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## Respective responsibilities of the Finance Officer and auditor

The Finance Officer’s responsibilities for preparing the accounting statements, including the firefighters’ pension fund accounting statements, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements, the firefighters’ pension fund accounting statements and related notes give a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and

## Appendix 1 – Independent auditor’s report to Members of Tyne and Wear Fire and Rescue Authority

- the financial transactions of its firefighters’ pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, the firefighters’ pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the firefighters’ pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword and the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements, the firefighters’ pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the firefighters’ pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, the firefighters’ pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements, the firefighters’ pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements, the firefighters’ pension fund accounting statements and related notes.

### Opinion

In my opinion:

- The accounting statements and related notes give a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended

## Appendix 1 – Independent auditor’s report to Members of Tyne and Wear Fire and Rescue Authority

Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and

- The firefighters’ pension fund accounting statements give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the firefighters’ pension fund during the year ended 31 March 2010 and the amount and disposition of the fund’s assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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### Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

#### Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

#### Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for fire and rescue authorities published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

#### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for fire and rescue authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Tyne and Wear Fire and Rescue Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

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#### Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**Appendix 1 – Independent auditor’s report to Members of Tyne and Wear Fire and  
Rescue Authority**

**Steve Nicklin  
Officer of the Audit Commission**

**Nickalls House, Metro Centre, Gateshead NE11 9NH**

**September 2010**



# Appendix 2 – Draft letter of representation

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To:

Mr S Nicklin  
Appointed Auditor  
Nickalls House  
Metro Centre  
Gateshead NE11 9NH

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## **Tyne and Wear Fire and Rescue Authority - Audit for the year ended 31 March 2010**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Tyne and Wear Fire and Rescue Authority, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2010.

All representations also cover the Firefighters Pension Fund Account which is included within the financial statements.

### **Compliance with the statutory authorities**

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with "The Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice" (the SORP) which give a true and fair view of the financial position and financial performance of the Authority, and for making accurate representations to you.

### **Uncorrected errors**

I confirm that I am not aware of any uncorrected errors in the financial statements, other than those of a trivial nature.

### **Supporting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Authority and committee meetings, have been made available to you.

### Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Authority.

The Authority has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

### Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For fixed asset valuations, I confirm:

- the appropriateness of the measurement method;
- the completeness and appropriateness of disclosures made under the financial reporting framework; and
- that subsequent events do not require adjustment to the fair value measurement as stated.

## Appendix 2 – Draft letter of representation

### Group entities

I am satisfied that the preparation of group accounts is not required

### Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral.

### Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as already disclosed in the financial statements, we have no other lines of credit arrangements.

### Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.
- there are no outstanding claims in respect of equal pay, single status or back pay awards.

### Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

### Post balance sheet events

Since the date of approval of the financial statements by those charged with governance on behalf of the Authority, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

### Segmental Reporting

I have prepared the financial statements on the basis of CIPFA's "Best Value Accounting Code of Practice" as required by the SORP.

### Specific representations:

I am satisfied that:

- there are no material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.
- Income assertions relation to PFI grant have been correctly allocated to cost of service headings in the Income and Expenditure Account
- the allocations of costs and balances made between the Authority and Sunderland City Council are correct
- the Authority has no additional liabilities or financial exposure in respect of the regional control centre project and North East Fire Control Centre Limited, other than those already included in the financial statements and disclosed to you

I confirm that this letter has been discussed and agreed by those charged with governance on behalf of the Authority on 29 September 2010.

Signed

Name

Position

Date

# Appendix 3 – Value for money criteria

| Specified criteria for 2009-10   | Met |
|--|-----|
| <p><b>Planning for financial health</b></p> <p>The Authority has a well established and comprehensive medium term financial plan (MTFP), clearly linked to the Corporate Strategy, Integrated Risk Management Plan and other corporate plans. Financial forecasts and budgets are based on detailed risk analysis and the MTFP has recently been updated to reflect:</p> <ul style="list-style-type: none"> <li>• the financial position fire and rescue authorities are likely to face in future</li> <li>• how current balances will be used to support service objectives.</li> </ul> <p>The Authority invests in identified priorities for improvement but at the same time seeks out savings and efficiency gains. It has delivered efficiency savings well in excess of national targets in each of the past three years, and precept increases have been lowest of all fire authorities since 2008/09. Real costs have fallen by 6% over the last 5 years.</p>  | Yes |
| <p><b>Understanding costs and achieving efficiencies</b></p> <p>There is a good understanding of how cost and performance compare with others. This has been improved in 2009/10 through more benchmarking activity, cost/benefit analysis and better incident recording data. The Authority demonstrates an increasing willingness to challenge established ways of doing things and has used the Audit Commission's "Rising to the Challenge Toolkit" to inform decision making.</p> <p>Cross boundary response arrangements are now in place with neighbouring FRAs, back office functions have been reviewed using "lean thinking" techniques and service reviews now have a much clearer focus on assessing and improving value for money. Regular cost/benefit analysis is carried out together with a clear expectation that all staff will identify and deliver efficiencies within their own service areas</p> <p>Costs and performance have improved relative to other metropolitan fire authorities, and the Authority has maintained a very effective response to incidents despite reductions in stations and crewing levels.</p> | Yes |
| <p><b>Financial reporting</b></p> <p>The Authority maintains good budgetary control with no overspending in recent years. Budget setting is based on a bidding process, subject to internal challenge. The Authority regularly reviews the financial performance and achievements of significant partnerships. Financial reporting and forecasting information is clear and concise, with good links to performance information. Transfers to and from reserves are made in year and reported to members, to assist financial planning. An annual report summarises financial information, performance data, user/stakeholder views, and sets out information on the Authority's environmental footprint and carbon management strategy in a user friendly way.</p>  | Yes |

### Appendix 3 – Value for money criteria

| Specified criteria for 2009-10 | Met |
|--------------------------------|-----|
|                                |     |

## Appendix 3 – Value for money criteria

|  |                   |
|--|-------------------|
| <p><b>Commissioning and procurement</b></p> <p>The Authority develops and commissions new services to meet emerging risks. Establishing an operational effectiveness unit and incident command suite during 2009/10 has improved fire fighting skills and increased resilience. The Authority works with others to achieve its goals; it an active participant in all 5 LSPs and the "Call Challenge " project, working in partnership with housing associations, has avoided c40 false callouts per month. At the same time, the Authority has disinvested in partnership arrangements which could not demonstrate that they delivered agreed objectives or represented value for money.</p> <p>Good operational procurement balances Firebuy, regional collaboration and use of a local purchasing consortium. Financial, HR/ legal services and other specialist back office skills are procured through a service level agreement with Sunderland City Council, and joint arrangements are in place through the RMB for recruitment and training. A joint PFI with Northumberland FRA is progressing well.</p> | <p><b>Yes</b></p> |
| <p><b>Use of information</b></p> <p>The Authority recognises the importance of good data quality and evidence based decision making. Data quality is supported by corporate policies and extensive quality assurance. Our work on national and local performance indicator information confirmed the accuracy of all data tested. Performance monitoring and use of information developed significantly in 2009/10:</p> <ul style="list-style-type: none"> <li>• a performance action group (PAG) has been set up to improved accountability and share best practice</li> <li>• detailed incident reports at district/station level has enabled more focussed preventative activity and enhanced members' scrutiny role.</li> </ul> <p>As a result, kitchen fires have reduced by 11% and antisocial behaviour fires by 57%. Analysis of activity data and scenario modelling has also led to reduced crewing at quiet times and dual staffing of specialist equipment.</p>  | <p><b>Yes</b></p> |
| <p><b>Good governance</b></p> <p>The Authority has a clear vision of what it wants to achieve. This is set out in the IRMP, Corporate Strategy and in a range of other policies and plans. It contributes to wider community outcomes through the LSP and other partnerships, with youth work in particular receiving national recognition. Standing orders, terms of reference and schemes of delegation clearly set out governance arrangements, these are regularly reviewed and kept up to date. The Authority also ensures that each of its significant partnerships has appropriate governance structures in place. There has been significant investment in member training over recent years and co-opted members are used to good effect.</p>   | <p><b>Yes</b></p> |

|  |                   |
|--|-------------------|
| <p>Compulsory codes of conduct are in place for both members and staff, together with a standards committee and well publicised whistleblowing arrangements to monitor compliance. Public registers record declarations of interest, gifts and hospitality. There have been no allegations of inappropriate member or officer behaviour in recent years.</p>   |                   |
| <p><b>Risk management and internal control</b></p> <p>Risk management and partnership governance arrangements are strong. The medium term financial plan and annual budget setting include full risk assessments, as do senior management team and member reports, fire station and district plans. Capital projects have their own risk registers and PFI contract monitoring is risk based. Risk management is a key feature of partnership governance arrangements and a full risk assessment must be undertaken before any partnership is entered into.</p> <p>The quality and scope of Internal Audit coverage meets CIPFA standards and no significant control weaknesses have been identified by them, or by our own work, in recent years. Emergency planning and business continuity arrangements meet Civil Contingency Act requirements, and are regularly tested.</p>  | <p><b>Yes</b></p> |
| <p><b>Managing the use of natural resources</b></p> <p>The Authority demonstrates a clear commitment to assessing and reducing its impact on the environment. It has invested in an Environmental Management System, completed carbon baselining and a "Green Fleet" review. Improvement targets and action plans have been developed as part of a new Environmental (Sustainability) Strategy, and Tyne and Wear is one of the first fire authorities to record carbon use in all incident reports.</p> <p>There is a comprehensive environmental training programme and the Authority has been promoted nationally for using environmental "best practice" in fire station design. Changes have been made to foam usage; hose/ hydrant arrangements, and dealing with hazardous materials. 'Call Challenge' has reduced the number of wasted journeys, better IT services and e-learning are also reducing the carbon footprint. There are examples of joint working with the Carbon Trust and Sunderland City Council.</p> <p>Travel planning has been identified as an area for further improvement, and initiatives to improve waste management and recycling and reduce water usage have not been well co-ordinated. Plans are in place to improve performance in these areas.</p> | <p><b>Yes</b></p> |



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# 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.

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## Copies of this report

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

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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