

Annual Audit and Inspection Letter

Tyne and Wear 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.

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Fire Authority, drawing on the findings and conclusions from our 2005/06 audit. The letter includes a review of how well the Authority has progressed (Direction of Travel report), a fire service assessment and an assessment of how well the Authority 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, but is also intended to be available as a public document for stakeholders, including members of the community. The letter will be published on the Audit Commission's website at www.audit-commission.gov.uk,

Key messages

- 3 Tyne and Wear Fire and Rescue Authority is improving well. Significant progress is being made in reducing the number of fire related deaths and injuries. There has been a clear shift from emergency response work into prevention and community safety initiatives, which are targeted at areas of greatest risk. The Authority is keen to work in partnership with others, and engages well with local communities. However, despite these achievements, incident levels and arson in Tyne and Wear remain amongst the highest in the country.
- 4 The Authority is also performing well in its use of resources. Service costs are in the top 25 per cent of fire authorities nationally, but consistent with incident levels and demographic factors. The Authority exceeded national savings targets in 2005/06, and successfully delivered a new brigade headquarters, technical services centre and community fire stations in partnership with the private sector. This has produced not only much improved facilities but also annual savings of some £0.8 million per annum for the next 25 years. Precept levels have been set below national guidelines for 2007/08 and are expected to reduce significantly in future years.
- 5 The Authority has made progress in addressing weaknesses identified in the 2005 Comprehensive Performance Assessment, in particular by improving performance management and communications. However the Authority is only slowly improving its workforce diversity. Although support for members has improved and training programmes are now in place, constructive challenge and scrutiny at committee meetings needs to be developed.
- 6 Regional Management Board arrangements are improving and there are good examples of joint working with neighbouring fire authorities. However the potential benefits of regional collaboration have not yet been maximised. This will become more important in the near future as the first regional fire control room in the country, located in County Durham, becomes operational in 2008.

Action needed by the Authority

- 7** Our work has covered a number of specific issues, as summarised in the letter below and set out in Appendix 1. Detailed reports and action plans have been discussed and agreed with officers throughout the year.
- 8** Our key messages are as follows:
 - Efforts have been made to analyse costs and service quality, and the impact of prevention and community safety work on incident levels and arson. This process needs to become more regular, more challenging and more sophisticated.
 - Constructive member challenge and scrutiny needs to be developed as part of effective performance management.
 - The Authority should ensure that the workforce is representative of the communities it serves, and demonstrate commitment to equality and diversity by continuing to make progress against the Equality Standards for Local Government.
 - Improving regional collaboration, and appropriate arrangements for delegated decision making, will facilitate successful operation of the regional control room when this opens in 2008.
- 9** Following on from our assessment of use of resources, the Authority has agreed that it needs to:
 - embed new processes for risk and asset management;
 - undertake an assessment of ethical governance and standards of conduct;
 - consider the scope to increase budget delegation;
 - develop a revised methodology for Best Value service reviews to focus on value for money and costs as well as service quality; and
 - establish clearer savings targets to monitor value for money delivered through procurement and asset management.

How is the Authority performing?

- 10 Tyne and Wear Fire and Rescue Authority was assessed as Fair in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. This process did not consider the tactical management of emergency response, but assessed authorities on:
- corporate management arrangements;
 - BVPI performance;
 - service achievements; and
 - how authorities planned to respond to incidents through their Integrated Risk Management Plan (IRMP)
- 11 The following chart shows the latest position across all Authorities.

Figure 1 Overall performance of fire authorities in CPA



- 12 This year's detailed assessments for Tyne and Wear Fire and Rescue Authority are as follows.

Table 1 – Overall performance assessments 2006

Element	Assessment
Direction of Travel	3 out of 4
Service assessment	2 out of 4
Use of resources	3 out of 4

(Note: 1=lowest, 4= highest)

- 13 The Authority is improving well in areas that it has identified as priorities and those important to local communities. Three-quarters of key indicators improved in 2005/06 with significant progress being made in reducing the number of fire related deaths and injuries. The Operational Assessment of Service Delivery judged the authority to be performing well.
- 14 The Authority has made a clear shift from emergency response into community safety. Community safety initiatives have been targeted at areas identified as being high-risk. The Authority contributes to wider community outcomes through effective partnership working and uses its involvement to identify communities at risk of exclusion.
- 15 The Authority has arrangements in place to improve value for money and has delivered significant efficiency savings in partnership. The Authority has improved its performance management and communications but member scrutiny remains under developed. There are robust workforce development and training arrangements in place and rank to role has been fully implemented. The Authority has made little progress so far in improving its poor workforce diversity.
- 16 The Authority recognises the challenges that remain and has plans in place to address these.

Improvement since last year - our Direction of Travel report

- 17 Tyne and Wear Fire and Rescue Authority has been assessed as improving well (Level 3)

The fire and rescue service is improving outcomes

- 18 Tyne and Wear Fire and Rescue Authority, is improving well in areas that it has identified as priorities and those important to local communities. The Authority is making progress on its key priorities of reducing fires, deaths and injuries. The Best Value Performance Indicators (BVPIs) for fire deaths and injuries have improved over the last three years. Injuries have fallen by 50 per cent which is a significant shift.
- 19 Performance indicators are improving in many areas. Where comparable data is available, 12 of 16 BVPI have improved, whereas one has deteriorated. The PIs which can be related to community safety, for example smoke alarms operated and unaided escapes are improving, however the level of dwelling fires has remained static and the number of fires, arson and calls to incidents remains in the worst 25 per cent of Authorities nationally.
- 20 The Operational Assessment of Service Delivery (OASD) judged the Authority to be performing well, highlighting its strong national reputation in the development of community fire safety and the emphasis on prevention and protection. Equally notable is the commitment to training and to ensuring the continuous professional development of managers and corporate staff.

- 21 The Authority has secured significant improvements arising from its Integrated Risk Management Plan (IRMP), replacing eight older buildings with six modern community fire stations, a new headquarters and purpose-built technical services centre. The Authority has recently changed the station establishment, based on a 4:4 crewing system which has released some 150 posts, allowing investment in community safety. This has been achieved whilst maintaining one of the country's fastest emergency response times (average 5 minutes) and reducing injuries to firefighters.
- 22 The Authority has made a clear shift in resources from response into community safety, and now has a relatively high proportion of spend on community safety, at 18 per cent. There is a wide range of community safety services, based around the national priorities and local demands, for example the Arson Task Force. The Authority is targeting Home Fire Risk Assessments to those at most risk, and marketing techniques have been drawn on to help contact hard to reach groups.
- 23 The Authority is effectively contributing towards wider community outcomes through its involvement in community safety partnerships and Local Area Agreements, and is also involved in joint work on road safety and support to the Fostering Network.
- 24 The Authority is improving access and quality of its services to diverse communities. One example of notable practice is 'Safety Works', an interactive safety centre, which is now targeting young people, elderly people, minority groups, single parents and victims of domestic violence. Community advocates have recently been recruited to strengthen links with vulnerable groups and improve their access to services. The Authority is also effectively engaging hard to reach and disaffected young people, for example through the Liberty project, which has been nominated for an external award.
- 25 The Authority has demonstrated notable practice in the successful delivery of a complex, high profile PFI scheme. It has taken difficult decisions in terms of changing crewing levels and working conditions. Service costs are in the top 25 per cent of fire authorities nationally, but consistent with incident levels and demographic factors. It has exceeded its efficiency targets, delivering £1.4 million cashable efficiencies in 2005/06, in addition the PFI has produced annual savings of some £800,000. The Authority is successful at securing additional sources of funding from third parties and government bid-led initiatives. Precept levels have been set below national guidelines and are set to reduce significantly in future years, as set out in the medium term financial plan.
- 26 A corporate Value for Money framework is in place and the Authority was able to provide a number of examples where staff suggestions coupled with good financial management have reduced costs and improved efficiency. The methodology for best value service reviews is also being amended to provide a clearer focus on value for money and cost savings.

The Authority is implementing plans to sustain future improvement

- 27** Corporate planning is good with robust plans in place. The Medium Term Financial Strategy has been improved and now demonstrates good links to both the IRMP and strategic plan. The workforce development plan supports the IRMP, with training and development tailored to its proposals. Station plans and targets have been rolled out, a former gap in the planning process, and corporate arrangements ensure that these are fit for purpose.
- 28** The Authority is making good progress in implementing its improvement plans. Its CPA Improvement Plan, which has been updated to include subsequent recommendations made by audit and inspection, is monitored rigorously and supported by robust action plans. The five year IRMP sets an ambitious agenda for change but most of its major projects have now been completed, including 4 and 4 crewing, review of working arrangements (including overtime, flexi time and duty system) and introduction of HFRAs by firefighters. Progress on implementing the annual IRMP action plans is monitored monthly.
- 29** The Authority has improved performance management, one of the areas highlighted for action in the CPA report. A quarterly report is presented to members and senior management, using a traffic light format to highlight risks and notable practice. Performance management is now embedded down to watch level, with watch targets and personal targets, contained in personal development plans. Target setting has improved.
- 30** The Authority has strengthened its capacity to deliver sustainable improvement. The new headquarters and six stations with community facilities are supporting improved staff cohesion, reducing financial costs and providing greater public access. Investment in ICT has also supported improvements, for example data collection systems and access to an intranet.
- 31** Support for members has improved and the committee structure was reviewed in 2006. Members have had individual training needs assessments, and received training, mentoring and briefings to support them in their decision and scrutiny roles. However member challenge is still limited and member scrutiny remains underdeveloped. The Authority is aware of this and is working to address through further training and development.
- 32** The Authority has invested in internal communications to help support the delivery of its priorities and plans. A new communications team has been brought in, and a communications strategy developed. Listening events for staff introduced and new communication routes opened for example intranet and magazine.
- 33** The Authority has robust workforce development and training arrangements in place, as set out in its Workforce Development Strategy. Rank to role has been fully implemented. Based on the Integrated Personal Development System (IPDS), national occupational standards and role maps the Authority has taken a holistic approach to learning and development. This is ensuring opportunities for developing workforce skills and capacity across the service, at all levels.

- 34 The workforce is not representative of the communities it serves. The Authority is seeking to improve the diversity of its workforce, with a regional approach to promoting diversity. It has increased the numbers of women firefighters but these still represent a very small proportion of the workforce, well below the national target. The Authority has built up links with under-represented communities and opened several posts formerly restricted to uniformed officers, but this has had limited impact on the composition of the workforce so far. The Authority is only at level 1 of the Equality Standards for Local Government but expects to reach level 2 by March 2008.
- 35 The Authority has improved arrangements to control absence and levels have reduced, although they remain above average. The Authority is confident that it will meet national targets.
- 36 The Authority works closely with partners to improve its capacity to deliver its own priorities as well as area based priorities. The Authority has reviewed its partnership working and as result streamlined its input and aligned these more closely with its priorities. The number of partnerships has been reduced while engagement at a more strategic level has increased for example in LAAs. The Authority is introducing a new administrative structure, coterminous with the five council areas, to be headed up by group managers. This will promote better links with local authorities and local strategic partnerships.
- 37 The potential benefits of regional collaboration have not yet been maximised, but the Authority clearly recognises that further opportunities for improvement exist if greater consensus can be achieved. Regional collaboration has been strengthened through the appointment of a joint programme manager and a pooled budget to support development work. There has been progress with the development of a regional human resources approach with common policies, recruitment and assessment centres now in place. Less has been done on delegated decision making and on the procurement workstream.
- 38 There are no significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained. The Authority has strengthened its performance and risk management arrangements and there are robust corporate governance arrangements in place, which help to underpin VFM

Service assessment

- 39 This assessment focused on service delivery and looked at the effectiveness of the service as experienced by recipients of the service. 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. This is provided to the Commission by the Department of Communities and Local Government (DCLG).

- 40 The assessments for Tyne and Wear Fire and Rescue Authority are set out below.

Fire and rescue service assessment

Element	Assessment
Performance indicators	2 out of 4
Operational assessment of service delivery	3 out of 4
Overall fire and rescue service assessment	2 out of 4

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- 41 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 Tyne and Wear Fire and Rescue Authority:

"Tyne and Wear Fire and Rescue Authority is performing well in all areas of service delivery, from its initial analysis of risk through to emergency response. The Service has robust policies and systems in place for the identification and analysis of risk and uses information to target and re-locate its resources. The Service places strong emphasis on prevention and protection. It has built an effective portfolio of partnerships across the community safety agenda, and its community fire stations make excellent provision for community interaction. The Service is committed to ensuring that its managers are professionally developed, and its workforce development strategy is designed to ensure competence throughout the population of supervisory, middle and strategic managers. Its holistic approach to learning and development is creating opportunities for developing leadership skills and increasing capacity across the Service. Arrangements for monitoring, auditing and reviewing call management and incident support activities are operating effectively. The Service performs well in responding to emergencies and uses a range of advanced firefighting techniques".

Financial management and value for money

Accounts

- 42 We issued unqualified opinions on the annual accounts and value for money arrangements on 25 September 2006. We also issued an unqualified report on the Best Value Performance Plan, confirming that the Plan has been published and complies with relevant legislation.
- 43 Our audit work did not identify any significant weaknesses in systems of financial and internal control, although we did identify a number of errors in the draft accounts, which were subsequently corrected. We also experienced some delays in receiving supporting working papers, but when they were produced they were of good quality. To enhance the closure process for the future, we have recommended that:
- draft accounts are subject to a more rigorous quality assurance and review process prior to approval; and
 - project management of the closedown process is improved, with better liaison between fire brigade and civic centre support staff.
- 44 We have undertaken other audit work throughout the year based upon our detailed assessment of risk. Findings have been discussed and agreed with officers and where necessary, action plans drawn up to address outstanding items. Key issues arising are set out below:

Responding to Civil Contingencies

- 45 The Civil Contingencies Act 2004 (the Act) aims to deliver a single framework for civil protection in the United Kingdom capable of meeting the challenges of the twenty-first century. Although national preparations are needed, the Act also places greater emphasis on local preparedness including the role of police, fire, local authorities and health bodies and government agencies. Most of the duties under the Act came into force from November 2005.
- 46 We carried out a cross-cutting strategic overview of arrangements within Tyne and Wear, with an initial focus on the preparedness of local authorities, police and fire. We concluded that these agencies have built on longstanding local emergency planning arrangements, experience and co-operation, enabling a relatively smooth transition to the new arrangements. However this is a challenging agenda as the Act has wide ranging implications and much work still needs to be completed by the authorities involved.

- 47 We made a number of recommendations to the partners involved in our review, around the areas of co-operation, information sharing, risk assessment, performance management, emergency planning, business continuity and communications. One key area was that the role of members in relation to civil contingencies should be further developed through more regular briefings, awareness raising, and the delivery of appropriate training. An action plan is now in place to respond to our recommendations.

Member scrutiny

- 48 Fire CPA in 2005 identified the need for all fire authorities to improve member engagement, scrutiny and challenge. In February 2007, we held a half-day workshop with members and officers involved Review Committees to improve the effectiveness of scrutiny arrangements.
- 49 Members and officers identified the following areas for development to take action on:
- developing member contact with local fire stations through enhanced liaison facilities;
 - improving communications within the Authority and providing performance information at local and ward levels;
 - better agenda management and greater clarity as to why items are on the agenda; and
 - a review of the style and clarity of report to identify improvements needed; and clearer reporting around risk.
- 50 Additionally the following were identified as areas for review and possible change at the organisational level:
- membership of the Authority - recognising the scope for more co-opted members;
 - the scheme of delegation; and
 - the structure and timing of meetings.
- 51 The Authority is developing an action plan to improve scrutiny processes in the future.

Regional Management Board

- 52 The White Paper '*Our Fire and Rescue Service*' required fire authorities to establish regional management boards (RMBs) to increase value for money through delivering shared services and reducing duplication of effort in six specific areas:
- establishing regional control centres;
 - introducing regional procurement within the context of a national procurement strategy;
 - integrating common and specialist services such as fire investigation;
 - putting in place effective resilience plans for large scale emergencies;
 - introducing regional personnel and human resource functions; and
 - developing a regional approach to training.
- 53 We concluded that the North East regional management board has been established in accordance with the national framework, and has made good progress on a number of key workstreams. Our report made several recommendations for improvement, and the Board has responded positively by:
- agreeing a pooled budget to fund research and external consultancy input to key projects; and
 - appointing a programme manager.
- 54 However, the RMB is not delivering its full potential, and is hampered by the lack of delegated decision making. This will become more important in the near future as the first regional fire control room in the country, located in County Durham, becomes operational during 2008.

Use of resources

- 55 The findings of the auditor are an important component of the CPA framework described earlier. 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 - how financial management is integrated with strategy to support Authority priorities;
 - Financial Standing - the strength of the Authority's financial position;
 - Internal Control - how effectively the Authority maintains proper stewardship and control of its finances; and
 - Value for money - an assessment of how well the Authority balances the costs and quality of its services.

- 56 We have assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 2 Use of resources

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

(Note: 1=lowest, 4=highest)

- 57 The key strengths we identified were as follows:
- sound financial management, with a good track record of maintaining spend within budget;
 - a sound financial position with clear plans for how accumulated reserves and balances will be used in the future;
 - successful delivery of a complex, high profile PFI scheme which has improved both financial standing and the quality of services; and
 - a corporate value for money framework which sets out how processes such as procurement, efficiency targets, best value service reviews, financial management and the staff suggestions scheme all combine to improve value for money.
- 58 Efforts have been made to analyse costs and service quality, and the impact of prevention and community safety work on incident levels and arson. This process needs to become more regular, more challenging and more sophisticated
- 59 The Authority has also agreed that it needs to:
- embed new processes for risk and asset management;
 - undertake an assessment of ethical governance and standards of conduct;
 - develop a revised methodology for Best Value service reviews to focus on value for money and cost savings as well as service quality;
 - consider the scope to increase budget delegation; and
 - establish clearer savings targets to monitor value for money delivered through procurement and better asset management.

Conclusion

Looking Ahead

- 60 We have already agreed an outline audit plan and fee for 2006/7. This will be reviewed in the coming weeks following discussions with officers and review of documents to update our assessment of key risks. We will also be developing our outline plan and fee for 2007/8, and would welcome contributions and suggestions from members.
- 61 In addition to mandatory testing on financial statements and use of resources, we anticipate that the focus of our work during 2007 will be on three main issues, namely:
- standards of conduct and governance;
 - diversity; and
 - the regional control rooms initiative.

Concluding remarks

- 62 This letter has been discussed and agreed with officers. A copy of the letter will be presented to the full Authority in May 2007.
- 63 The Authority has always taken a positive and constructive approach to our audit and inspection and I would like to take this opportunity to express my appreciation for the Authority's continuing assistance and co-operation.

Lynne Snowball

District Auditor and Relationship Manager