

Annual Audit and Inspection Letter

Tyne and Wear Fire and Rescue Authority

Audit 2007/08

March 2009



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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.
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Key messages

- 1 There has been significant improvement in most areas of performance at Tyne and Wear Fire and Rescue Authority (the Authority) during 2007/08. Targeting preventive and community safety work at those most at risk has led to a 28 per cent reduction in accidental dwelling fires and a 26 per cent reduction in associated injuries. The Authority still has the second highest rate of accidental dwelling fires in the country, but is beginning to reduce the gap.
- 2 The Authority works effectively with partners and participates in a large number of multi-agency initiatives to tackle deliberate fires and anti-social behaviour. Improved evaluation processes are helping to ensure that resources are directed at the most effective projects and the areas of greatest need.
- 3 The Authority continues to demonstrate a clear commitment to delivering value for money in its use of resources. Our overall score has increased from 3 to 4 this year, with notable practice identified in relation to the quality of financial planning and reporting processes, and the arrangements for producing year-end accounts. We gave unqualified opinions on the value for money conclusion, best value performance plan, and the 2007/08 financial statements, on 30 September 2008.
- 4 This year we have seen a clearer understanding of how costs and service quality compares with others, and a greater willingness to challenge long established working practices. The Authority is relatively high spending, but has clear plans in place to make further efficiency savings, with a low precept increase predicted for next year.
- 5 All emergency services need to understand the diverse needs of local people and ensure that the workforce adequately represents the communities it serves. The Authority has demonstrated a clear commitment to improving the cultural awareness of front line staff, which has led to better relationships with minority communities. It is also working in partnership with others to increase the number of BME and female applicants, although high attrition rates across all categories of applicants reduce the impact of this activity on the employed workforce in practice.

Action needed by the Authority

- 6 The Authority should carry out service reviews with a clearer focus on delivering financial savings, and update procurement strategies in line with best practice. The Audit Commission's report 'Rising to the Challenge' highlights a number of potential areas where fire and rescue services could improve efficiency and value for money.
- 7 The regional control room is due to go operational in 2010 and managing the transition will be a key risk for the Authority. Members should ensure that they receive timely information relating to the project, to confirm that risks relating to operational continuity, workforce planning and financial exposure are adequately managed.
- 8 Strategies for improving equality and diversity should be more explicit about the benefits to service delivery that this would achieve. Opportunities also exist to integrate specific initiatives and activities on diversity within the regular duties of front line staff.

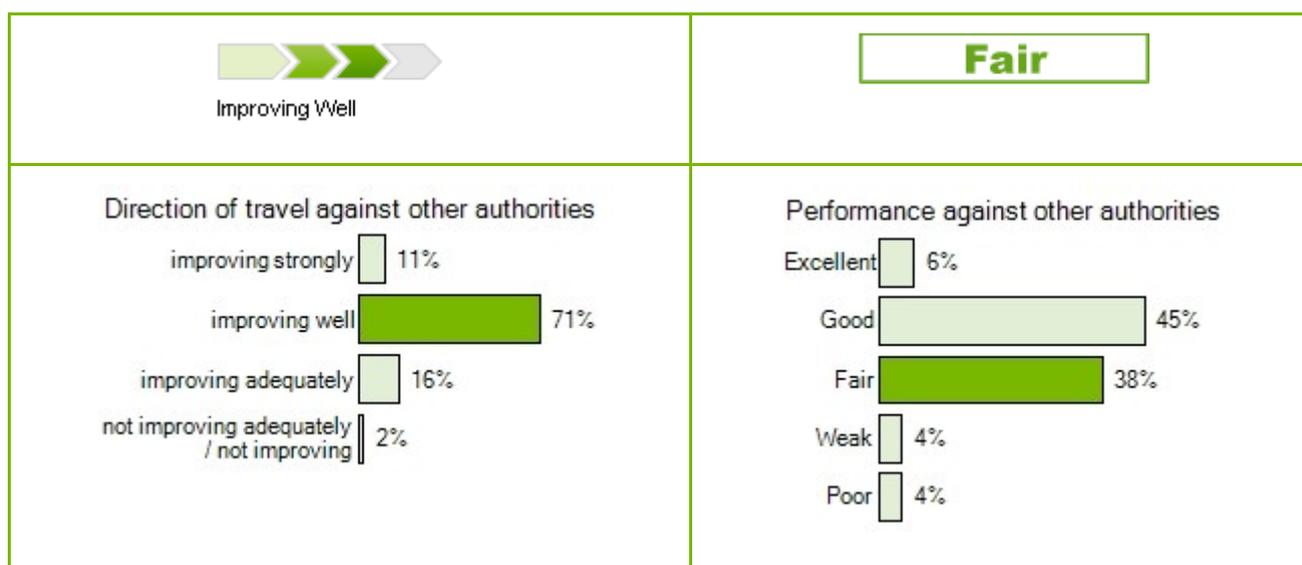
Purpose, responsibilities and scope

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

How is Tyne and Wear Fire and Rescue Authority performing?

- 15** The Audit Commission’s overall judgement is that Tyne and Wear Fire and Rescue Authority is improving well, and the Authority was assessed as Fair in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. The latter assessed authorities on their corporate management, their achievements, community fire safety and how they planned to respond to incidents through their Integrated Risk Management Plan (IRMP). It did not consider tactical management of emergency response. The following chart shows the latest position across all Authorities.
- 16** We are now updating these assessments, through an updated corporate assessment, in authorities where there is evidence of change and a review has been requested.

Figure 1 Overall performance of authorities in CPA



Source: Audit Commission

- 17** The Authority has improved performance in many of its stated priority areas. Investment in community safety is reducing the number of primary fires and accidental dwelling fires. The Authority is working effectively with partners on wider community outcomes at a local and strategic level. A multi-agency approach to tackling deliberate secondary fires and associated anti-social behaviour is now in place across the FRS area and is having a positive impact.

How is Tyne and Wear Fire and Rescue Authority performing?

- 18 The Authority has improved services and outcomes through targeted action at those most at risk. The Authority is working regionally to improve the diversity of its workforce. Positive action has resulted in a significant number of applications from Women and BME residents but high attrition rates during selection are reducing impact. Level 3 of the equalities standard has been achieved.
- 19 The Authority has plans in place for further significant improvements in its efficiency and effectiveness. This is supported by improved evaluation procedures at Station level that will allow the Authority to demonstrate the impact of initiatives on outcomes. Value for money is improving with service costs increasing well below the national average and the medium term financial strategy indicates that relative costs will reduce over the next two years.

The improvement since last year - our Direction of Travel report

What evidence is there of the fire and rescue authority improving outcomes?

- 20 There has been significant improvement in most areas of performance and in particular in many of the Authority's stated priority areas.
- 21 Accidental dwelling fires have reduced by 28 per cent during 2007/08 with a 26 per cent reduction in associated injuries. Fires occurring where alarms have been fitted and activated provide evidence that home fire safety checks are targeted at those at risk of fire. This reduction in accidental fires represents a marked change from the trend for the previous three years which showed a slight increase; and is attributable to increasingly effective home fire safety work. The Authority still has the second highest rate of accidental dwelling fires within metropolitan areas, but this recent reduction has begun to reduce the gap.
- 22 Performance in other areas has also shown good improvement: Primary fires have reduced significantly in 2007/08 from 24.2 to 15.9 per 10,000 population and now compare favourably with other metropolitan areas.
- 23 Deliberate secondary fires remained well above average for 2007/08 but the last two quarters show a reduction of 27 per cent in the first quarter and 42 per cent in the second and a similar pattern exists for all other types of deliberate fires.
- 24 Vehicle fires (both primary and secondary) have improved with deliberate primary fires reducing by 16 per cent in 2007/08.
- 25 The Authority is working effectively with partners on wider community outcomes at a local and strategic level and is represented on all five local strategic partnerships. There are a large number of multi-agency initiatives in place across the area that is delivering significant improvement. The impact of community fire stations in their local area is significant and confirms the need to site new stations in areas where maximum impact can be achieved. The number and variety of initiatives highlights the scope to refine and better targets efforts on to those initiatives that have the most significant impact. This is recognised, and an improved evaluation process has been put in place.

How is Tyne and Wear Fire and Rescue Authority performing?

- 26** The target for response is the quickest in country and significant efficiency savings have been achieved within response teams through revised ridership and specialist vehicle and equipment changes without reducing this performance. 95 per cent of people in accidental dwelling fires escape unharmed without firefighter assistance. There are therefore opportunities for further efficiencies in this area. However, the Integrated Risk Management Plan (IRMP) process, response strategy, and station placement are built upon maintaining this existing level of performance making any changes difficult to implement. The speed of response is clearly linked to high levels of user satisfaction and can be linked to the high percentage of fires confined to the room of origin.
- 27** The Authority continues to improve performance on sickness and medical retirements. There has been year-on-year improvement in both for the last three years and this represents a significant improvement in efficiency. Ridership levels have also been reviewed as part of the IRMP, releasing 12 posts.
- 28** The Authority has improved service equality through targeted action on behalf of groups most at risk, using Home Safety checks and Community Safety Advocates to help engage with harder to reach communities. There is evidence that the role of the advocates is now well established.
- 29** The Authority is working at a regional level to improve the diversity of its workforce. The Authority has been externally assessed as meeting Level 3 of the equalities standard. Positive action has resulted in a significant increase in the number of applications from Women and BME residents but very high attrition rates during selection across all categories of applicants are reducing this positive initial engagement. Despite the provision of advice and assistance prior to the recruitment process, failure rates during the nationally prescribed written and physical tests means that progress has been limited. However, there is a high proportion of female fire-fighters compared to other authorities. Further positive action events are being held regionally with advice given to those who were unsuccessful in their applications, although limited future recruitment may make further improvements against national targets difficult.

How much progress is being made to sustain future improvement?

- 30** The Authority has a robust suite of plans. The Medium Term Financial Strategy demonstrates good links to the IRMP, strategic plan and the estates strategy. The IRMP is now a three-year plan that is aligned to the other strategic plans. District plans have been introduced for 2008/09 and align with Local Authority boundaries and are responsible for a wide range of preventative activity in partnership and increased involvement of members through the production of ward level data.
- 31** Value for money has improved. The Authority has improved to a 4 score overall for Use of Resources in 2007/08 and performance improvement for 2008 is continuing. There is a clear understanding that the Authority is relatively high spending and there are clear plans in place to retain resilience whilst making further efficiency savings that are likely to reduce Service cost relative to other metropolitan services. A low precept rise is predicted for next year and reserves are in place for planned future development. To support this there are improved linkages between the IRMP Action plan, Medium Term Financial Strategy and other key strategies.

How is Tyne and Wear Fire and Rescue Authority performing?

- 32** The Authority has plans in place for further improvements in its efficiency and effectiveness and this is supported by improved evaluation and planning skills across the workforce that will allow the Authority to demonstrate this. Value for money is improving with service costs increasing well below the national average and the MTFS indicates that relative costs will reduce over the next two years.
- 33** The Operational Assessment of Service Delivery (OASD) judged the Authority to be performing well. It highlighted the strong national reputation in the development of community fire safety and the strong emphasis on prevention and protection. The Authority has responded to all identified areas for improvement with no outstanding issues remaining.
- 34** There is a collaborative approach to regional work through the Regional Management Board, and some savings have been made as a result; but potential savings are not being fully explored and maximised. There are opportunities for savings and increased performance through an expansion of collaborative arrangements for providing response across Service area boundaries and incorporating such opportunities into the IRMP process. Regional work streams have increased capacity and encouraged a more strategic and cost effective approach to common issues and interests. A collaborative PFI project has been developed to provide improved facilities in the region. There has been no robust assessment as to whether single regional procurement, HR and other functions could deliver better value for money.
- 35** At a local level, the Authority has established a capital reserve to meet the development needs identified for its building stock. Improved building management is aimed at improving efficiency and prolonging the life of building components. The Authority has recently gained energy performance certificates for all its buildings.
- 36** The Authority is adapting to changing demands. There increased capacity in flood management and swift water rescue ensures that the authority is meeting the requirements of the Civil Contingencies Act, UK Resilience Programme and the Pitt report.

Service assessment

- 37** In 2006, the Audit Commission undertook a fire and rescue service assessment of the Authority. The 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, provided to the Commission by the Department of Communities and Local Government (DCLG).
- 38** Assessments for Tyne and Wear Fire and Rescue Authority are provided in Table 1.

How is Tyne and Wear Fire and Rescue Authority performing?

Table 1 Operational service assessment

Element	Assessment
Performance indicators	2 out of 4
Operational assessment of service delivery	3 out of 4

Source: Audit Commission

39 DCLG's operational assessment of service delivery assessed the planning and delivery of emergency response. The following text was 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.'

Workforce planning, equality and diversity

40 Direction of Travel assessments in recent years have stressed that all fire and rescue services need to do more to:

- understand and respond to the diverse needs of local communities; and
- ensure that the composition of their workforce adequately represents the communities they serve.

41 Audit work on workforce planning, equality and diversity has recently been undertaken across Tyne and Wear, Durham and Cleveland to reflect the arrangements for regional collaboration on recruitment.

How is Tyne and Wear Fire and Rescue Authority performing?

- 42** The Authority has achieved level three of the Local Government Equality and Diversity Standard and is responding positively to recommendations made as part of that assessment process. There have been improvements in the standard of equality impact assessments and closer alignment between the three statutory equality schemes (ethnicity, disability and gender). Key strategic documents demonstrate commitment to improving the diversity of the workforce and the cultural awareness of front line staff, but could be more explicit about the benefits to service delivery and performance that this would achieve.
- 43** A clear strategic commitment, coupled with the work of local advocates, has led to improved relationships with minority communities. There are opportunities to develop this further by integrating specific initiatives and activity with the regular duties of front line staff. The Authority is also working in partnership with others to increase the number of BME and female applicants, although high attrition rates across all categories of applicants reduce the impact of this activity on the employed workforce in practice.

The audit of the accounts and value for money

- 44** Your appointed auditor has reported separately to the Audit and Governance committee on the issues arising from his 2007/08 audit and on 30 September 2008 he issued:
- an unqualified opinion on the statement of accounts;
 - a conclusion on your value for money arrangements to confirm that these are adequate; and
 - an unqualified report on the 2007/08 Best Value Performance Plan.
- 45** No significant issues have arisen as a result of this work. The appointed auditor has not needed to exercise any of his formal audit powers during 2007/08, and has received no correspondence from local electors.

Use of Resources

- 46** 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).
- 47** For the purposes of the CPA the auditor has assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 2

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

(Note: 1 – lowest, 4 = highest)

The key issues arising from the audit

- 48** The Authority continues to demonstrate a clear commitment to delivering value for money in its use of resources. The overall score has increased from 3 to 4 this year, with improvements identified in 4 out of 11 sub-themes. These mainly relate to:
- member engagement;
 - financial standing;
 - asset management;
 - better targeting of preventative and community safety work; and
 - a greater understanding of how costs and service quality compare with others.
- 49** The Authority has been recognised as delivering notable practice with respect to the quality of its arrangements for producing year-end financial statements, and for its financial planning and reporting processes. Elements of asset management also represent best practice, but these need to become more embedded and deliver measurable outcomes before they can be accepted as case studies from which other fire authorities could learn.
- 50** However, there always remains scope for improvement. Key actions for the Authority are to:
- reduce incident numbers across all categories;
 - benchmark unit and transaction costs at station level to deliver improvement;
 - deliver planned precept reductions;
 - carry out best value service reviews with a clearer focus on delivering financial savings;
 - review procurement strategies against best practice; and
 - collect evidence to quantify financial savings secured through procurement.

The audit of the accounts and value for money

- 51** There is also scope for the Authority to enhance its response to the sustainability agenda and develop action plans to reduce its environmental impact, emissions levels and carbon footprint. Information on this issue and the progress made each year should be made available to the public using the website and annual report.

Advice and Assistance work

- 52** We have not carried out any such work at Tyne and Wear Fire and Rescue Authority in 2007/08.

Looking ahead

Comprehensive area assessments

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

Use of resources

- 56** The auditors' use of resources judgements will continue, but the scope will be widened to include a clearer focus on value for money, outcomes and achievements, with greater emphasis on commissioning of services, use of natural and human resources, and partnership working.
- 57** From 2009 the use of resources assessment will be structured into three themes:
- managing finances: sound and strategic financial management;
 - governing the business: strategic commissioning and good governance; and
 - managing resources: effective management of natural resources, assets and people.
- 58** The new use of resources methodology will also incorporate, for fire and rescue authorities, more detailed work on:
- the accuracy of data collected to support performance management; and
 - an assessment of how this data is used to inform key decisions.

Local risk based audit work

- 59** During 2009 the appointed auditor will continue to monitor progress in delivery of the regional control centre project, and assess how well the Authority is managing risks which are relevant to his audit responsibilities, namely:
- ensuring legality;
 - promoting transparency and good governance;
 - mitigating financial exposure; and
 - maintaining continuity of services for local people.
- 60** The Audit Commission's recent report 'Rising to the Challenge', highlights a number of potential areas where fire and rescue services could improve working practices and improve value for money. As part of next year's work he will discuss the contents of this report with officers and follow up the Authority's response.

Closing remarks

- 61** This letter has been discussed and agreed with the Chief Fire Officer, and will be presented to the Authority in March 2009. Copies have been provided to all Authority members.
- 62** Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2007
Annual Governance Report Value for money conclusion Opinion on financial statements	September 2008
Use of resources judgements Direction of Travel Assessment	December 2008
Review of workforce planning, equality and diversity	February 2009
Annual audit and inspection letter	March 2009

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

Availability of this letter

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

David Jennings

Steve Nicklin

March 2009

Comprehensive Area Assessment Lead

District Auditor

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.

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