

**MEETING: 19 JANUARY 2009**

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**SUBJECT: FIRE AND RESCUE DIRECTION OF TRAVEL AND USE OF RESOURCES ASSESSMENTS FOR TYNE AND WEAR FIRE AND RESCUE AUTHORITY****REPORT OF THE CHIEF FIRE OFFICER, FINANCE OFFICER AND CLERK TO THE AUTHORITY**

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**1 INTRODUCTION**

- 1.1 In October 2008 the Use of Resources and Direction of Travel audit of the Authority was undertaken by the Audit Commission, in accordance with the Comprehensive Performance Assessment (CPA) framework for Fire and Rescue Authorities.
- 1.2 This report outlines, for the consideration of Members, the findings of the auditors, as detailed in the attached Audit Commission reports. Representatives from the Audit Commission will also be present at the Authority meeting in order to provide feedback on performance and answer any questions Members may have.

**2 BACKGROUND**

- 2.1 Members will recall that the Audit Commission introduced a Comprehensive Fire and Rescue Audit Framework (CPA) in July 2005. In a similar manner to the process employed within local authorities, the Fire CPA Framework utilises the following specific elements in order to measure and describe an Authority's performance. These elements are:
- The original Comprehensive Performance Assessment. This was undertaken in 2005 and it provides the baseline for further assessments of the Authority's performance.
  - A Direction of Travel assessment, which considers the extent of the progress made in the last year.
  - A Use of Resources assessment, which considers how the Authority manages its finances and provides value for money.
  - A Service Assessment, which considers how effectively the Authority plans and delivers its service.

- 2.2 This paper provides an overview of the Direction of Travel and Use of Resources assessments referred to above, which were issued to the Chief Fire Officer on 24 December 2008.
- 2.3 In considering the content of the Audit Commission reports it should be noted that a four point scoring scale is used as follows:
- 1 = Inadequate performance – below minimum requirements
  - 2 = Adequate performance – only at minimum requirements
  - 3 = Performing well – consistently above minimum requirements
  - 4 = Performing strongly – well above minimum requirements.
- 2.4 Taking this scoring system into account, the reports show that the Authority continues to perform well in respect of these two elements of the CPA framework. Key items of information relating to the performance of the Authority are outlined below for the information of Members.

### **3 DIRECTION OF TRAVEL**

With regard to the Authority's Direction of Travel, the Audit Commission is of the opinion that the Authority is '**Improving Well**', having demonstrated '**Fair**' overall performance in 2005. This is the third year in succession that the Authority has been placed in this category and this is to be welcomed.

- 3.1 In addition to the Direction of Travel categorisation the auditors also provided a prose description of the progress that the Authority has continued to make. Within this description the following comments are worth noting:

*'The Authority has improved its 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 has improved services and outcomes through targeted action at those most at risk';*

*'The Authority has plans in place for further significant improvements in its efficiency and effectiveness'.*

*'The Authority has made a clear shift from response into community safety. Community safety initiatives have been targeted at areas identified as being high risk';*

### **4 USE OF RESOURCES**

- 4.1 With regard to the Use of Resources, the auditors assessed the Authority to be at '**level 4, Performing Strongly**'. This is an

improvement on last year's assessment of '**Level 3, Performing Well**'. Furthermore, within the subset of scores that comprise the overall Use of Resources category, the Financial Reporting and Financial Standing sub-categories were identified as particular strengths, with both being evaluated at '**Level 4, Performing Strongly**'. This is a notable achievement and can be attributed to the work of the Finance Officer and Chief Fire Officer and their staff working together to achieve continuous improvement with the unstinting support and commitment of the Authority overall.

- 4.2 The remaining scores for each of the sub-categories comprising Use of Resources, were all graded at '**Level 3, Performing Well**', including the Value for Money sub-category.

## **5 FIRE AND RESCUE SERVICE ASSESSMENT**

- 5.1 The service assessment, referred to in paragraph 2.1 of this report, is based on two specific sub-categories, namely an operational assessment of how the service is delivered and an assessment of key performance information. The operational assessment score, which is valid for a period of three years, will continue to be '**Level 3, Performing Well**'. However formal notification of the performance information score and subsequent composite score is not yet available. This information will be provided as soon as it is provided to the Authority.

## **6 CONCLUSION**

- 6.1 The overall scores indicate that the Authority is performing well in many areas and the services that are provided to the public continue to improve.
- 6.2 It is the intention of the Chief Fire Officer to actively examine ways in which performance can be further improved in relation to the assessments in the months ahead. This is particularly important as the Authority will be audited against a new Use of Resources framework from 2009 onwards, which is being labelled as a harder test.

## **7 RISK MANAGEMENT IMPLICATIONS**

- 7.1 Whilst there are no specific risk management implications associated with this report, there is a risk that should the Authority fail to continue to show improvement this would ultimately be reflected in the scores that it receives in the future. This could, in turn, impact on the high public satisfaction level that the Authority enjoys.
- 7.2 The current CPA improvement plan will be reviewed and adjusted in order to ensure that action is taken to reduce the risk of such an outcome occurring.

**8 FINANCIAL IMPLICATIONS**

8.1 There are no specific financial implications associated with this report.

**9 EQUALITY AND FAIRNESS IMPLICATIONS**

9.1 There are no equality and fairness implications in respect of this report.

**10 HEALTH AND SAFETY IMPLICATIONS**

10.1 There are no health and safety implications in respect of this report.

**11 RECOMMENDATIONS**

11.1 The Authority is recommended:

- i) to consider the content of this report and provide comments as appropriate, and
- ii) Receive further reports as appropriate

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**BACKGROUND PAPERS**

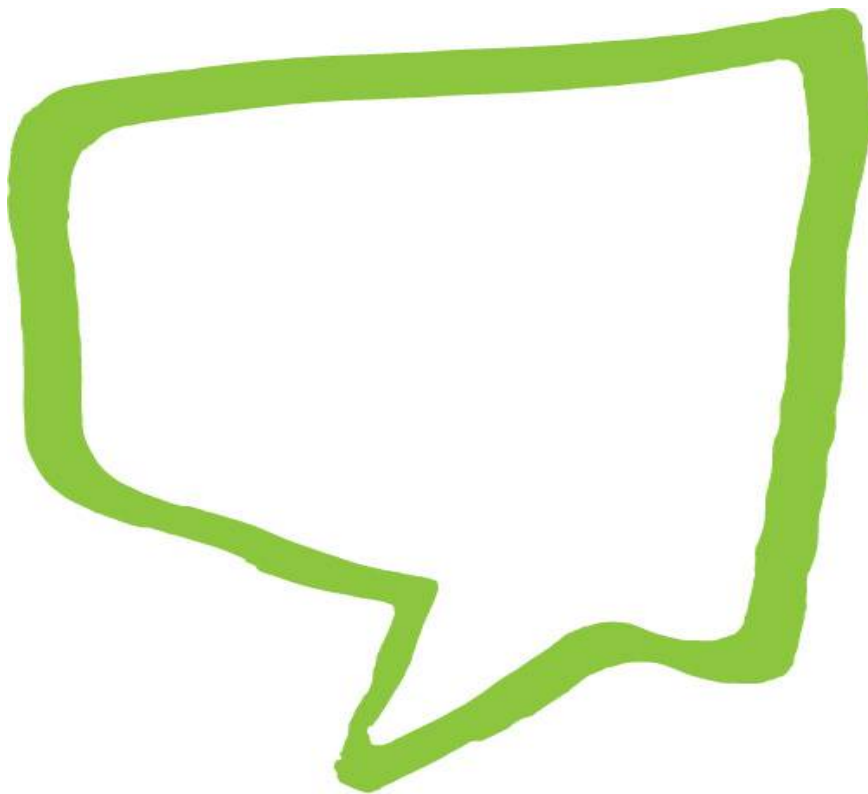
- Tyne and Wear Fire and Rescue Authority Audit 2007/2008, Direction of Travel Assessment. (December 2008)
- Tyne and Wear Fire and Rescue Authority Audit 2007/2008, Use of Resources Assessment (December 2008)

# Direction of Travel Assessment

Tyne and Wear Fire and Rescue Authority

Audit 2007/08

December 2008



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

## **Tyne and Wear Fire and Rescue Service (FRS) is improving well.**

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.

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.

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.

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# Direction of Travel assessment

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

- 1 There has been significant improvement in most areas of performance and in particular in many of its stated priority areas.
- 2 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 safety checks (HSC) 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. TWFRS still has the second highest rate of accidental dwelling fires within metropolitan areas, but this recent reduction has begun to reduce the gap.
- 3 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.
- 4 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.
- 5 Vehicle fires (both primary and secondary) have improved with deliberate primary fires reducing by 16 per cent in 2007/08.
- 6 The Authority is working effectively with partners on wider community outcomes at a local and strategic level and is represented on all five LSPs. 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 by the Service and an improved evaluation process has been put in place.
- 7 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 percent of people in accidental dwelling fires escape unharmed without FRS 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.



## Direction of Travel assessment

- 8 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.
- 9 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.
- 10 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, the Authority has a high proportion of female fire-fighters compared to other FRSs. Further positive action events are being held regionally with advice given to those who were unsuccessful in their applications, although the continued financial challenges faced by FRSs resulting in limited future recruitment may make further improvements against national targets difficult.

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### How much progress is being made to sustain future improvement?

- 11 The Authority has a robust suite of plans. The Medium Term Financial Strategy (MTFS) demonstrates good links to the IRMP, strategic community safety plan and the asset management strategies. 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.
- 12 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 (MTFS) and other key strategies.
- 13 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.

- 14** The Operational Assessment of Service Delivery (OASD) judged the authority to be performing well. It highlighted the FRA's 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.
- 15** There is a collaborative approach to regional work through the Regional Management Board (RMB), 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.
- 16** 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.
- 17** 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.

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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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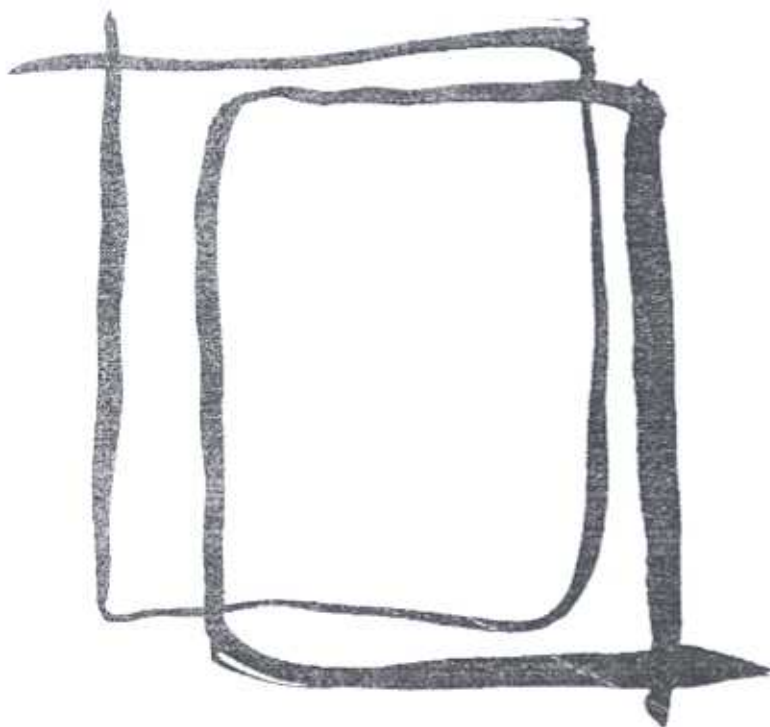
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# Use of Resources Assessment

Tyne and Wear Fire and Rescue Authority

Audit 2007/08

December 2008



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## Status of our reports

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# Introduction

- 1 The use of resources judgements assess how well authorities manage and use their financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the authority's priorities and improve services. Judgements are made across the following five themes.
  - Financial reporting.
  - Financial management.
  - Financial standing.
  - Internal control.
  - Value for money.
- 2 This is the third assessment carried out at Tyne and Wear Fire and Rescue Authority and is the last under the Comprehensive Performance Assessment framework. Next year there will be a new assessment which will form part of the Comprehensive Area Assessment.
- 3 As the Audit Commission's appointed auditor to the Authority, we undertook this review during the period May 2008 to October 2008, as part of our responsibility to examine the economy, efficiency and effectiveness of the Authority's use of resources under section 5(1)(e) of the Audit Commission Act 1998. This assessment relates to the 2007/08 financial year.



# Approach and scoring

- 4 Judgements are made for each theme using the Audit Commission's scale, see Table 1 below. This scale is used across its inspection and performance assessment frameworks.

**Table 1** Standard scale for assessments and inspections

1	Below minimum requirements – inadequate performance.
2	Only at minimum requirements – adequate performance.
3	Consistently above minimum requirements – performing well.
4	Well above minimum requirements – performing strongly.

- 5 The Audit Commission will formally report the overall score for use of resources in early 2009. The scores for Tyne and Wear Fire Authority for the five themes are outlined in Table 2.

# Summary scores for each theme

Table 2 Summary of scores at theme and KLOE level

Key lines of enquiry (KLOEs)	Score 2008	Score 2007
<b>Financial reporting – overall score</b>	<b>4</b>	<b>4</b>
1.1 The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	4	4
1.2 The authority promotes external accountability.	3	4
<b>Financial management – overall score</b>	<b>3</b>	<b>3</b>
2.1 The authority's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The authority manages performance against budgets.	4	3
2.3 The authority manages its asset base.	3	2
<b>Financial standing – overall score</b>	<b>4</b>	<b>3</b>
3.1 The authority manages its spending within the available resources.	4	3
<b>Internal control – overall score</b>	<b>3</b>	<b>3</b>
4.1 The authority manages its significant business risks.	3	3
4.2 The authority has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
<b>Value for money – overall score</b>	<b>3</b>	<b>2</b>
5.1 The authority currently achieves good value for money.	3	2
5.2 The authority manages and improves value for money.	3	3



# Key messages and actions for the Authority

- 6 Tyne and Wear FRA continues to demonstrate a clear commitment to delivering value for money in its use of resources. Our overall score for the Authority 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.
- 7 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.
- 8 However, there always remains scope for improvement. Tyne and Wear FRA is not low cost and needs to continually justify this position in terms of service quality and PI outcomes. Key actions for the Authority are to:
  - continue to reduce incident numbers across all categories;
  - benchmark unit and transaction costs at station level;
  - 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.
- 9 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.

# Theme summaries

10 The key findings and conclusions for each of the five themes are summarised in the following tables.

**Table 3** Financial reporting

<b>Theme score 4 (performing strongly)</b>
<b>Key findings and conclusions</b>
<p><b>1.1 The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.</b></p> <p>Comprehensive working papers are provided electronically, these are of an exemplary quality and hyperlinked to relevant assertions in the draft accounts. No errors were identified in either 2007/08 or 2006/07 financial statements. Detailed quality assurance is carried out before the accounts and working papers are presented for audit and a checklist is used to evidence this process. An audit log is maintained to ensure that queries and requests for information are responded to promptly. Over 90 per cent of queries during the 2007/08 audit received a 'same day response'.</p> <p><b>1.2 The authority promotes external accountability.</b></p> <p>The Authority makes a wide range of information available to local people and its website is easy to use, attractive, informative and up to date. Facilities to provide information in foreign languages, braille and voicetape are clearly signposted on the website's home page. Available information includes:</p> <ul style="list-style-type: none"> <li>• the authority's IRMP, station maps and station plans;</li> <li>• statistical and performance information;</li> <li>• minutes and agenda items;</li> <li>• annual reports and accounts; and</li> <li>• corporate strategies, policies and plans.</li> </ul> <p>An annual report is published in an accessible and user friendly format developed following extensive consultation and reader feedback. This combines financial and performance information with stakeholder and user views. However, the Authority has not met the new level 4 assurances on sustainability and environmental impact.</p>

Key findings and conclusions	
Improvement opportunities	
KLOE 1.1 The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	None identified.
KLOE 1.2 The authority promotes external accountability.	<p>Ensure the annual report covers environmental impact issues.</p> <p>Ensure that information on sustainability, environmental impact and the carbon footprint are made available via the website.</p>



Table 4 Financial management

<b>Theme score 3 (performing well)</b>
<b>Key findings and conclusions</b>
<p><b>2.1 The authority's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.</b></p> <p>The scope and quality of longer term financial planning has improved steadily over the past three years. The MTFS, revenue and capital budgets are all soundly based and demonstrate good links to other corporate documents and processes, in particular the IRMP. Financial planning is underpinned by prudent assumptions as to costs, precept levels, and alternative sources of finance. Resources are deployed appropriately each year to fund strategic priorities such as home fire risk assessments, partnership working, and to support capital investment.</p> <p><b>2.2 The authority manages performance against budgets.</b></p> <p>Budget monitoring is soundly based and no overspends have occurred in previous years. Quarterly finance reports are integrated with performance management reporting. Budget monitoring is accruals based and includes:</p> <ul style="list-style-type: none"> <li>• selective balance sheet reporting;</li> <li>• proposed use of contingencies and balances; and</li> <li>• review of key partnership arrangements.</li> </ul> <p>Improvements during 2007/08 have been:</p> <ul style="list-style-type: none"> <li>• a traffic light reporting system (which represents notable practice) to focus members and senior management on key variances,</li> <li>• significant investment in member training which means that elected members are now much more aware of financial issues and can play their full part in financial decision making and review; and</li> <li>• co-opting non-elected members with financial skills to the audit and governance committee.</li> </ul> <p><b>2.3 The authority manages its asset base.</b></p> <p>Capital strategies and asset management plans are in place and up to date, with preset criteria used to assess and prioritise bids for investment. Stock condition surveys and backlog maintenance assessments in progress last year have been completed together with some benchmarking activity. Consequently the Authority can now demonstrate a much better understanding of asset use and establishment costs, and how these compare with other organizations.</p>

**Theme score 3 (performing well)****Key findings and conclusions**

There is a clearer commitment to using assets efficiently and effectively, and a more proactive approach to monitoring delivery of outsourced facilities management contracts. Some elements of level 4 performance are in place, for example:

- performance indicators and targets have been developed for major components of asset management; and
- a commitment to shared use of assets - the regional control centre is under construction and due to go live in 2009, community fire stations offer meeting spaces to the public.

However the Authority cannot yet demonstrate that these initiatives are embedded within the organisation and delivering successful, measurable outcomes.

**Improvement opportunities**

KLOE 2.1 The authority's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	Develop links between MTFS and risk management processes. Develop the use of financial modelling to underpin MTFS.
KLOE 2.2 The authority manages performance against budgets.	None identified.
KLOE 2.3 The authority manages its asset base.	Demonstrate that performance indicators and targets set for asset management are delivering measurable improvements. Develop arrangements for shared use of assets such as community fire stations and the regional control centre project.



Table 5 Financial standing

<b>Theme score 4 (performing strongly)</b>	
<b>Key findings and conclusions</b>	
<p><b>3.1 The authority manages its spending within the available resources.</b></p> <p>The authority is now well placed in terms of levels of accumulated balances and reserves, this represents a significant improvement journey over the past five years. Clear plans for use of reserves and contingencies have been approved by members and these are regularly reviewed and updated. Plans strike an appropriate balance between:</p> <ul style="list-style-type: none"> <li>• reducing precept levels for local people;</li> <li>• supporting strategic objectives ;</li> <li>• helping to finance capital investment; and</li> <li>• maintaining adequate levels of working balances to cover contingencies.</li> </ul> <p>The quality of financial reporting in this respect has improved steadily over the past two years and now represents good practice. Quarterly summaries provide a clear and complete picture of the Authority's overall financial position which is linked to trends in activity and performance data. A narrative report accompanies these summaries in order to:</p> <ul style="list-style-type: none"> <li>• identify potential spending pressures and explain how these will be tackled in the future; and</li> <li>• forecast future levels of balances and set out what they will be used for.</li> </ul> <p>Level 4 criteria have also been met for the first time this year in terms of member engagement. Significant investment in targeted training and development coupled with more co-opted appointments has given members a much better understanding of the Authority's financial position and enabled them to challenge the Treasurer appropriately at committee meetings. Members now contribute to development of financial strategies and have set targets for efficiency savings, precept levels and treasury management.</p>	
<b>Improvement opportunities</b>	
KLOE 3.1 The authority manages its spending within the available resources.	None identified.

Table 6 Internal control

<b>Theme score 3 (performing well)</b>
<b>Key findings and conclusions</b>
<p><b>4.1 The authority manages its significant business risks.</b></p> <p>All of the expected risk management arrangements are in place. Policies and risk registers are kept up to date and procedures appear to be embedded throughout the organisation. A dedicated risk manager is in post. Members and officers have received training on risk management and members are represented on the corporate risk management group. Regular reports on risk management are presented to senior officers and to the audit and governance committee. Risk management principles are evidenced and applied when new projects are initiated and when making key decisions.</p> <p><b>4.2 The authority has arrangements in place to maintain a sound system of internal control.</b></p> <p>All of the expected internal controls are in place and embedded and the Authority recognises the importance of a sound control environment, as follows.</p> <ul style="list-style-type: none"> <li>• The audit and governance committee, and Internal Audit function, are proactive in their role.</li> <li>• Arrangements to discharge the roles of s151 and monitoring officer are robust.</li> <li>• Financial systems are well controlled.</li> </ul> <p>Standing orders, financial regulations and schemes of delegation are comprehensive and kept up to date, these cover appropriate governance arrangements for key partnerships. Emergency and business continuity plans are in place and regularly tested for community fire stations, control room functions and other key departments. The Authority's scrutiny function is undertaken by the policy and review committee. Targeted training and development during 2007/08 has enabled this committee to enhance its role with respect to performance monitoring, policy development and constructive challenge of key decisions.</p> <p><b>4.3 The authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</b></p> <p>The Authority has well established arrangements in place that include:</p> <ul style="list-style-type: none"> <li>• codes of conduct for both staff and members;</li> <li>• registers of interests, gifts and hospitality;</li> <li>• a well publicised complaints procedure; and</li> <li>• a whistle-blowing charter and hotline ('Safecall') for staff to raise concerns.</li> </ul>



Improvement opportunities	
<p>Internal Audit coverage is comprehensive with respect to probity and the Authority participates in NFI data matching exercises. New requirements arising during 2007/08 with respect to standards committee arrangements and the annual governance review were fully complied with.</p> <p>Member training, staff induction and other corporate processes stress the importance of high ethical standards and senior management review all complaints made. No significant frauds have been discovered in recent years and an ethical audit undertaken in 2007 did not highlight any concerns.</p>	
KLOE 4.1 The authority manages its significant business risks.	<p>Canvass views of partners and external stakeholders when identifying and assessing risks. Identify opportunities as well as risks associated with new projects and key decisions.</p> <p>Ensure that the risk register adequately reflects financial issues.</p>
KLOE 4.2 The authority has arrangements in place to maintain a sound system of internal control.	<p>Increase senior officer and member involvement in the annual governance review.</p> <p>Ensure that business continuity and emergency plans incorporate the work of partners.</p>
KLOE 4.3 The authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	<p>Take steps to monitor compliance with approved standards of conduct.</p> <p>Request all staff to sign a positive declaration stating that they understand and will comply with approved standards of conduct.</p>



Table 7 Value for money

<b>Theme score 3 (performing well)</b>
<b>Key findings and conclusions</b>
<p><b>5.1 The authority currently achieves good value for money.</b></p> <p>Tyne and Wear FRA is not a low cost authority but it has consulted widely with local people and can demonstrate that they are satisfied with the current balance of cost and service delivery.</p> <p>The main reason for a level 2 score last year was a sporadic approach to benchmarking, coupled with some lack of understanding about the link between activity/expenditure on community safety and preventative work, outcomes achieved and impact on PI performance. This year officers were able to demonstrate a much better understanding of how costs and performance compared with other fire authorities, and have analyzed how incident levels are linked to deprivation and lifestyle choices at a very local level. The Authority has therefore developed a more selective approach to investing in preventative work and community safety initiatives, which includes:</p> <ul style="list-style-type: none"> <li>• targeting home fire risk assessments at those areas with greatest risk; and</li> <li>• withdrawing from schemes not felt to be delivering value for money or expected outcomes.</li> </ul> <p>Consequently PI performance on numbers of primary fires, and accidental dwelling fires, have significantly improved although they remain amongst the highest in the UK. In other respects the Authority is performing well, as follows.</p> <ul style="list-style-type: none"> <li>• Outcomes on corporate PIs is good with 10 out of 13 above average in 2007/08 and five in the upper quartile.</li> <li>• The Authority has exceptionally high user satisfaction levels, rapid emergency response times and low levels of deaths and injuries.</li> </ul> <p><b>5.2 The authority manages and improves value for money</b></p> <p>Good corporate processes for delivering and improving VFM have been maintained, with efficiency savings well in excess of national targets and an efficiency log in place at every station. Training programs have ensured that all staff, including station and watch managers, now understand the importance of balancing cost and service quality and reflect this in operational decisions. Sickness absence and ill health retirements have been tackled and are currently well below average levels.</p>

### Key findings and conclusions

There is a corporate framework in place which links together the following processes to demonstrate the delivery and improvement of VFM.

- Performance management.
- Procurement.
- Financial management.
- Delivery of efficiency savings.
- Best value service review activities.

The 2.4 per cent precept rise for 2008/09 was the lowest for all fire authorities nationally, and the MTFS contains a clear commitment to maintaining this trend for local taxpayers.

### Improvement opportunities

KLOE 5.1 The authority currently achieves good value for money.	Further reduce incident numbers across all categories. Benchmark unit and transaction costs at station level. Deliver planned precept reductions.
KLOE 5.2 The authority manages and improves value for money.	Carry out best value service reviews with a clearer focus on delivering financial savings. Review procurement strategies against best practice. Collect evidence to quantify financial savings secured through procurement.

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## Use of resources 2008/09

- 11 From 2008/09, the auditors' assessment of use of resources will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners, known as Comprehensive Area Assessment (CAA).
- 12 Key lines of enquiry for use of resources were published in May 2008 following consultation. These reflect the needs of CAA and incorporate a number of improvements including a clearer focus on value for money achievements and further emphasis on commissioning of services, outcomes for local people and partnership working.
- 13 The assessment is structured into three themes, as follows.
  - Managing finances: sound and strategic financial management.
  - Governing the business: strategic commissioning and good governance.
  - Managing resources: effective management of natural resources, assets and people.
- 14 The approach to use of resources will continue to be risk based and proportionate, drawing on evidence from previous years where relevant. Key lines of enquiry in the managing resources theme will be assessed on a cyclical basis, and the Audit Commission will specify, in its annual work programme and fees document for fire and rescue authorities which key lines of enquiry will be assessed in each year.



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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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