

Annual Audit and Inspection Letter

Hereford And Worcester Fire And Rescue Authority

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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

Status of our reports

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

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

Reports prepared by appointed auditors are:

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- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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

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

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

www.audit-commission.gov.uk

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Authority, drawing on the findings and conclusions from the audit of the Authority by the external Auditor PricewaterhouseCoopers (PwC) (Gus Miah, Partner). The letter includes our review of how well the Authority has progressed (our Direction of Travel report), a service assessment and the auditor's assessment of how well 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 of the Authority, but is available as a public document for stakeholders, including members of the community served by the Authority.

Main messages for the Authority included in this report are:

- 3 The FRA is performing strongly across its priority areas, achieving top quartile performance in key areas. It has addressed national, and locally identified, priorities such as road and water safety. It performed well in the operational assessment of service delivery.
- 4 The FRA has made an increasing and more effective contribution to wider community outcomes through work with the young and vulnerable. It is improving access to services, its approach to equality and diversity, and is developing a greater understanding of the communities it serves, through knowledge sharing with partners and local employers, particularly concerning migrant workers. The FRA is now a member of the Local Strategic Partnerships of both counties. It has enhanced risk profiling of communities as part of IRMP.
- 5 Performance in relation to value for money is good and improving. There is a clear commitment to value staff in the retained, whole time, and support functions to increase capacity, gain resources, and better deliver organisational objectives. The FRA is well positioned to make further improvements having aligned its corporate planning and restructured around community areas to focus the local delivery of community safety.

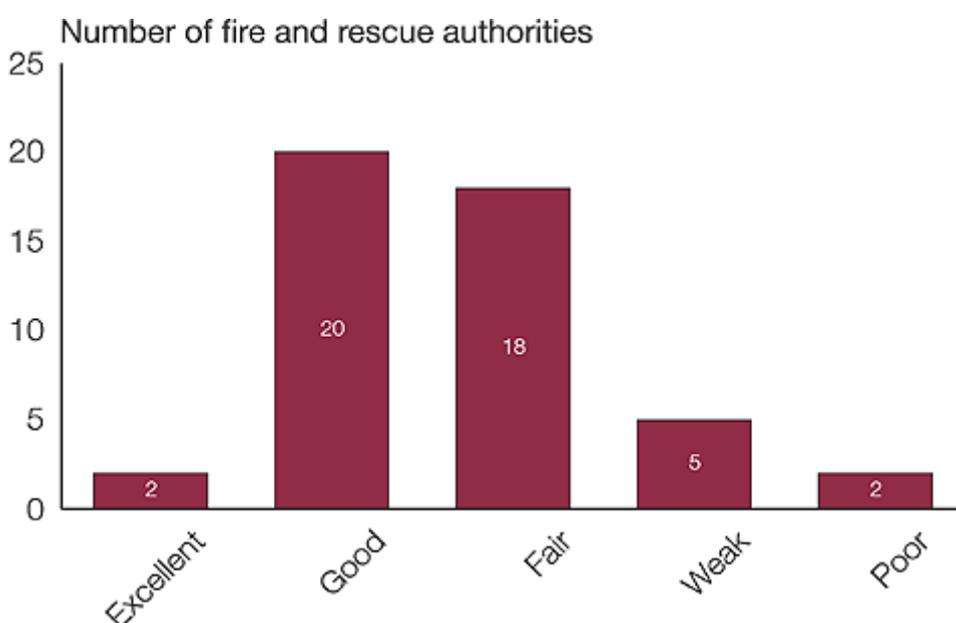
Action needed by the Authority

- 6 The FRA should ensure that:
 - the strategies for human resources, communications and IT that are currently in draft are agreed and implemented.

How is Hereford and Worcester Fire and Rescue Authority performing?

- 7 Hereford and Worcester Fire and Rescue Authority was assessed as Good in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. It 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.

Figure 1 Overall performance of authorities in CPA



The improvement since last year - our Direction of Travel report

- 8 The FRA is improving well and is well placed to maintain this level of improvement.

What evidence is there of the FRA improving outcomes?

- 9 The FRA is performing strongly across its priority areas and in relation to national framework targets. It has consistently shown itself as a top performer nationally with most of its fire related indicators in the top twenty five percent of authorities. Its strongest performance lies with the prevention indicators such as low number of incidences, primary fire and accidental dwelling fires. Other high performing areas include reductions in the number of deaths and injuries and the number of deliberate fires including and excluding vehicles. Over the last five years the number of deaths has successfully reduced, falling from four in 2000/01 to none in 2005/06. Success in meeting Local Public Service Agreement (LPSA) 1 agreements has resulted in the Worcestershire reward grant of some £800,000 due over the next two years to be invested in maintaining the momentum of innovation and improvement.
- 10 The service is addressing national and locally identified priorities such as road and water safety. In Droitwich, it researched road safety issues which resulted in the resurfacing of roads to deliver improved safety. The FRA has also become a national leader in water safety, taking the opportunity to assist Department of Communities and Local Government (CLG) in developing strategy. This year, it rescued 32 people from the river. However, it is still maintaining national response standards for fires.
- 11 The service is assessed to be performing well in operational delivery. A successful pilot scheme has been introduced at Redditch Fire Station. Whole time and retained duty staff are working to crew a second fire appliance over times of highest risk. This has brought several benefits such as improved relationships between the whole time and retained duty systems, the increased delivery of more home fire safety work, and increased training. It has also enabled crew rotation which is increasing operational experience. This project has provided a model for crewing retained appliances on a flexible risk management approach. The FRA is well placed to improve outcomes by rolling this out across the service.
- 12 Wider community outcomes are being delivered through youth engagement projects aimed at all ages and risk groups. This is largely focused through schools education programmes provided at key stages 2, 3 and 4. Recent developments include water safety courses reaching 90 per cent of year 5 pupils in Worcestershire and the 'Dying to Drive' campaign reaching 1,000 pupils in Herefordshire. The juvenile fire setter post and youth offending officer work on a one to one with referrals from the police to prevent arson and improve anti-social behaviour. Deliberate fires caused by youths have gone down by 38 per cent from 490 to 300 in the last three years.

- 13 The FRA is responding to the needs of vulnerable people. In Herefordshire, a signposting scheme involving a partnership of different agencies set, initially to enable older people to live independently, has been in place for the last 18 months. It provides a single point of contact for community based services. This has now been extended to any adult in Herefordshire but there have been delays in rolling it out to Worcestershire. Even so, this has generated 5,000 referrals for Home Fire Safety Checks per year improving fire safety equipment and installing new smoke detectors.
- 14 Access to, and the quality of, service is improving for the hard to reach groups, with knowledge sharing developing amongst partners. Access for people with hearing and visual impairments has improved and community safety education has been tailored for those with learning difficulties. The FRA's performance against its duty to promote race equality has improved from 58 per cent to 89 per cent and it is operating at Level 3 of the Local Government Standard. Translation is available for all key documents but the web-site is not well structured. A particular strength of the FRA's activity in this area is the work it has undertaken with the local employers of migrant workers from Poland and the Ukraine, to ensure that caravans are fitted with smoke alarms. It has been involved in effective and innovative outreach work with partners, such as the National Islamic School in Kidderminster, which has enabled the fire safety message to be taken back to homes around the country.
- 15 The service is achieving high levels of performance at below average costs for the last three years. Budgets are closely monitored and managed. Targeted efficiency gains have consistently been made, amounting to a cumulative total of £1.86m (equivalent to 7.4 per cent of operating expenditure) over the last three years. The service has made a saving of £857,000 related to shift and crewing changes. One recent improvement is the reduction of flexible duty staff from 40 to 32. Good value for money is being achieved.

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

- 16 The FRA has robust improvement plans. Key plans are detailed and integrated; cover the medium to long term; and support the vision and aims of the authority. An alignment process has been undertaken this year to ensure that financial planning is driven by the Integrated Risk Management Plan (IRMP) and performance planning. However, the link to resources is not yet visible. Bringing forward consultation on the IRMP allows more time for action planning with more engagement by staff at all levels. A planning workshop was held for members, officers, uniformed and non-uniformed staff and representative bodies in February 2006 to identify and discuss objectives for inclusion in the plan. The workshop considered areas where they were performing well and areas where there is scope for improvement. The feedback and participation from external and internal stakeholders helps to determine FRA strategy. The FRA has a clear framework to guide the future improvement of its services.

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- 17 IRMP plans are clearly communicated both internally to staff and externally to the public and to partners. The main developments for 2007/08 include plans for further work on flexible crewing, future response and intervention arrangements and the relocation of fire stations.
- 18 Key objectives and milestones have been achieved. The FRA has been successful in making some improvements in communication and changing the culture of the organisation. The FRA successfully delivered a key action of their Property Strategy, to move their operation from three separate locations to a new £7m headquarters, on time and in budget. The success of this venture was due to strong project management skills, and an inclusive approach to staff involvement and consultation. This demonstrates that the authority has the capacity to tackle change effectively.
- 19 The service is improving its capacity. It has invested in organisational and cultural development across the whole service. Reviews into fire safety, middle management, and the balance of crewing shifts were undertaken to drive improvement in productivity. A restructure has recently been undertaken to embed the role based structure into community risk areas, aiming to enable change at a local level. Management of activity has been pushed down the organisation and there is a relatively high representation of women in fire fighter and senior posts. However it is early days and staff are only just beginning to understand their new responsibilities. A review into the retained service has resulted in equal status and improved commitment to deliver modernisation. Scrutiny has also improved splitting the audit and performance committee, although the impact and benefit of this has yet to be experienced.
- 20 Capacity in support functions is also improving. Financial capacity has been enhanced through improved reserves and the LPSA reward. Tendering for a new financial system is underway to support better benchmarking and financial management. Human Resources (HR) issues are being tackled through the recent restructure to direct support where it is most needed. Staff will now work out with the operational units and in the centre, responsibilities and accountabilities have been assigned to tighten up control on issues such as absence management. Absence levels have reduced for all staff over the last three years and for uniformed staff over the last year. However, there is still no formal HR strategy and the communication strategy although draft strategies have recently been developed. IT also continues to be an issue with Friday night breakdowns in the system, affecting weekend working.
- 21 The FRA is developing its work with partners to improve its capacity. Although it has always worked well at an operational level through such schemes as the Herefordshire signposting referral system, it has recently engaged with the Local Strategic Partnerships for both Herefordshire and Worcestershire. It is currently in the process of collating information on its partnerships and evaluating their cost effectiveness in achieving outcomes. All new partnerships are evaluated using a comprehensive framework to demonstrate the impact of working in partnerships.

- 22 The FRA has been an active contributor to the Regional Management Board (RMB) work programme in some areas. It has led the development of the draft regional equality and diversity strategy and provided the local model of support for the development of the national Regional Control Room (RCC) project. This has been shared at the RCC Project Board and has been adopted as the national model of support and been supported by funding from the Communities and Local Government (CLG).
- 23 Business risk management has now been embedded following CPA 2005. There are no significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained.

Service assessment

- 24 The Commission has undertaken 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)).
- 25 The assessments for Hereford and Worcester Fire and Rescue Authority are provided in Table 1 below.

Table 1 Fire and rescue service assessment

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

Source: Audit Commission

- 26 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 Hereford and Worcester Fire and Rescue Authority.

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- 27 Hereford and Worcester Fire and Rescue Service (HWFRS) have strong operational leadership and enjoy good industrial relations with all Representative Bodies. The Service is committed to the Comprehensive Performance Assessment (CPA) process as a driver for change. The Service has embarked on an energetic pace of change and is making a significant contribution to the wider community safety agenda through strong leadership and clearly defined objectives. The change agenda is inclusive and represents the views of all staff. HWFRS have forged strong links with partner organisations and in many cases take a lead in actions to achieve overall objectives. Overall HWFRS is performing well, particularly in relation to risk analysis, and broadly in prevention and protection and call management incident support and emergency response. In terms of prevention and protection the service is engaged with a range of partners and has a strong preventative culture growing. Operational preparedness contains notable practice emergency response includes examples of good regional liaison.

Financial management and value for money

- 28** Your appointed auditor has reported separately to the Audit Committee on the issues arising from the 2005/06 audit and has provided:
- an unqualified opinion on your accounts;
 - an unqualified opinion on arrangements to secure economy, efficiency and effectiveness of use of resources; and
 - an unqualified opinion on the 2005/06 Best Value Performance Plan.
- 29** In respect of the 2005/06 financial accounts, your appointed auditor has reported that:
- there were no unadjusted misstatements that needed to be brought to the attention of members;
 - there were no material weaknesses noted in the Council's accounting and internal control systems during the 2005/06 audit;
 - the presentation of the 2005/06 final accounts and standard of working papers to support underlying transactions incorporated within the 2005/06 accounts were of a good standard; and
 - there were no matters of irregular expenditure, fraud or misconduct, or poor standards of financial integrity that we need to bring to your attention.
- 30** The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial Reporting (including the preparation of the accounts of the Authority and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support Authority priorities).
 - Financial Standing (including the strength of the Authority's financial position).
 - Internal Control (including how effectively the Authority maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Authority balances the costs and quality of its services).

- 31 For the purposes of the CPA your auditor has assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 2

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	3 out of 4
Overall assessment by the Audit Commission	3 out of 4

(Note: 1 is low and 4 is high)

- 32 The FRA has received a number of significant reports from officers since our report to those charged with governance was received by the Audit Committee.
- 33 These include a report on 14 December 2006 to update the Medium Term Financial Strategy (MTFS). The Treasurer rightly highlighted the need to exercise caution in financial management if the precept policy of restricting council tax increases to 5 per cent is to be met, whilst still maintaining minimum reserves of £1 million. The challenge presented is now increased, as the budget for 2006/07 was revised in the late part of 2006, mainly as a consequence of the need to amend the accounting treatment in respect of the new financial arrangements for Firefighter Pensions. This will be an on going cost to the Authority in future years. The cost has been contained in the short term and outturn for 2006/07 is currently expected to be in line with the revised MTFS.
- 34 The original indicative capital programme in the IRMP has been found to be very ambitious and more modest plans are now projected going forward. The main activity in 2006/07 has been the scheme to replace vehicle workshops, although options for replacement or relocation of fire stations continue to be explored.

Conclusion

- 35 This letter has been discussed and agreed with officers. A copy of the letter will be presented at the Audit Committee in June 2007.
- 36 The Authority has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the Authority's assistance and co-operation.

Availability of this letter

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

Kristine Goodman
Relationship Manager