

Annual Audit and Inspection letter

**Nottinghamshire and City of Nottingham Fire
Authority**

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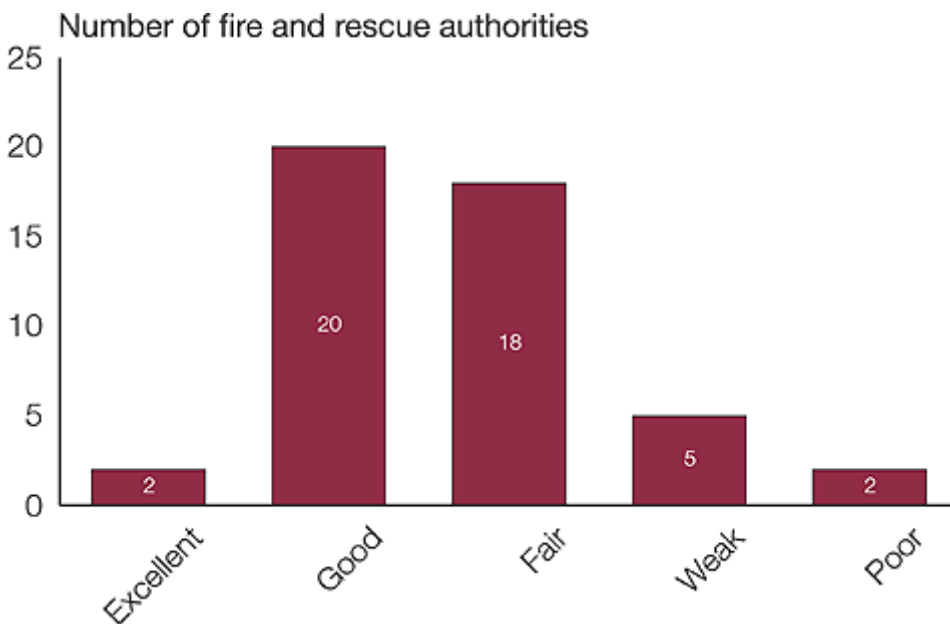
Our overall summary

- 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. It 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.
- 3 The main messages for the Authority included in this report are:
 - Nottinghamshire Fire and Rescue Service has made solid progress since last year in delivering many of its priorities. The Integrated Risk Management Plan (IRMP) has delivered effective improvements and clear benefits and efficiencies. There is now a stronger focus on community safety and resources have been effectively shifted to prevention.
 - The Service is performing strongly overall in the planning and delivery of emergency response based on the operational assessment by the Department of Communities and Local Government and the best value performance indicators. In overall terms it is providing value for money and is achieving better than average levels of performance when the levels of local deprivation are taken account.
 - The tighter deadlines set in 2005/06 for the closedown of the accounts and the issue of the audit opinion were both met.
 - The Authority's arrangements for financial reporting, management, maintaining financial standing and internal control have been strengthened and are generally sound.
 - The Authority's overall financial position remains satisfactory and is underpinned by a sound budgeting framework. In 2006/07 the latest budget projection is an underspending of £1.7 million.
- 4 However there are some weaknesses in management arrangements including deterioration in working relationships which may inhibit the authority's ability to secure continuous improvements. An independent report into the Human Resources function has revealed significant areas of concern and recent senior staff changes have led to an inexperienced management team. Clearly these two issues are critical factors which the Authority will need to manage carefully to ensure that the targets it has set for efficiencies and improvements can be achieved.

How is Nottinghamshire Fire and Rescue Service performing?

- 5 Notts Fire was assessed as 'Fair' 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 the 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

- 6 Nottinghamshire Fire and Rescue Authority is improving adequately.

Improving outcomes

- 7 The FRA has made solid progress in delivering its priorities and improvements since the corporate assessment. Progress on corporate objectives, many reflected in BVPIs has been robust. Six out of 7 key PIs used in the service assessment have improved in the last 2 years. These include primary and accidental fires, injuries; fires confined to the room of origin, AFD false alarms, deliberate primary fires and non fire incidents. Only fire deaths have increased slightly in the last year, from 0.5 to 0.58 deaths per 100,000. After adjustment for deprivation these key PIs achieved the top score of 4. In relation to the performance of recently introduced PIs, there is above average performance for fires in commercial premises, the number of persons escaping from fire, but mixed performance for the fitting of domestic smoke alarms – 60 per cent of homes where fires had occurred did not have a smoke alarm fitted.
- 8 The FRA continues its strong commitment to reducing fires and their consequences and to protecting communities from fire. For example over 17,000 home safety checks were carried out and over 12,000 smoke alarms were fitted in 2005/06. The FRA has achieved its LPSA2 targets for reducing fires, deaths and injuries and is re-investing the £880,000 in further community safety programmes such as achieving LAA targets for avoidable injuries. Arson reduction initiatives are reducing deliberate fires. For example there was a 75 per cent reduction in arson in Bestwood following one initiative. The reward funding was used to set up an arson task force. This has increase capacity to make further improvements.
- 9 The FRA was judged to be performing well by the recent operational assessment of service delivery. It achieved this score in all 5 themes.
- 10 The FRA is making an increasing and more effective contribution to wider community outcomes and is involved in a wide and increasing range of community initiatives. These include those related to young people and antisocial behaviour, improving road safety and environmental improvements. Examples include the Prince's Trust and Bendigo – aimed at reducing anti social behaviour and developing citizenship; BRAKE and Impact road shows - aimed at improving road safety; and environmental action days - removing abandoned vehicles. The FRA is also committed to reducing all avoidable accidents to young and old people, at home, on the roads and in the open environment. For example home fire safety checks focus not only on fire safety aspects but on all other aspects of safety and welfare within the home, such as reducing fuel poverty and supporting at risk groups to live independently. However, the evaluation of outcomes is an area for further development and the FRA does not yet have a clear view of the impact of the range of initiatives it has delivered. This is currently being addressed.

- 11 The FRA is improving access to services and its approach to equality and diversity. It is developing a much greater understanding of the communities it serves through extensive partnership working, its commitment to LAA and CDRP and through risk profiling of communities as part of its integrated risk management plan (IRMP). It is using mapping tools and data from other public services and community agencies to identify at risk groups and better target safety programmes, such as home safety checks. There are specialist staff to provide access to community safety services by engaging directly with particular vulnerable and hard to reach sections of the community. These include 9 community advocates and a BME liaison officer. Trainee fire fighters are encouraged to integrate with local communities through 'faith visits' which help them gain an understanding of other cultures and traditions. The FRA has recently achieved level 2 on the LG equality standard and has plans to achieve level 3. There is a range of the usual access channels to services and, increasing use of the web site where 100 per cent of transactions are e enabled. Key documents are available in all local languages using the National Interpreting service. This is crucial for emergency calls received from callers whose first language is not English. The FRA has recently improved its engagement with the hard of hearing through improved liaison with support groups. This is leading to the fitting of an increasing number of special smoke alarms – 97 in the current year - improving home safety and ultimately reducing fires in their homes.
- 12 Performance in relation to value for money is good and improving. The FRA provides a value for money service and its costs compare well with other Fire and Rescue Authorities and performance is strong. Costs per head of population are below average for the last three years and actually decreased between 2004/05 to 2005/06. There are no major areas where costs are significantly higher than other Fire and Rescue Authorities providing similar levels and standards of services and the Authority is therefore providing overall value for money. Whilst benchmarking work has been undertaken to review the impact of local deprivation on its comparable costs, comprehensive and systematic benchmarking of both costs and service performance is not yet in place. There is an increasingly higher investment in community safety such as the setting up of a dedicated community safety team and the provision of community safety advocates; Riskwatch and the Arson Reduction Team. This is in line with the stated priority of the Authority. The Authority has a robust strategy of achieving efficiencies and is on course to achieve and exceed its national target by over £500,000 in the current year. These efficiencies and savings cover various aspects of the service and are in line with the aims of the integrated risk management plan (IRMP) that is achieving true 24 hour working and better use of resources. However, these have only recently been introduced and are therefore yet to deliver the efficiencies expected.

Progress in implementing improvement plans to sustain future improvement

- 13 The FRA has an ambitious programme of improvement supported by a comprehensive and integrated framework of key plans. Business planning has been recently strengthened by simplifying plans and combining the corporate plan, community safety plan and IRMP and clarifying the objectives and priorities. This was the result of comments from extensive consultation. The key priorities, objectives and targets are communicated to all levels through a hierarchy of plans which includes, departmental, district and station plans. Ownerships of corporate priorities and targets and associated performance is encouraged through local and individual objectives and targets in local plans and through personal appraisals. These developments are new and as yet have not been assessed for effectiveness but are important to provide a platform for further improvement.
- 14 There has been clear progress on the implementation of key improvement plans and strategic priorities. The IRMP has delivered effective improvements and clear benefits and efficiencies. There is a stronger focus on community safety and resources have been effectively shifted to prevention from over provision identified by the IRMP process. Resources have been released by the reduction of special appliances such as aerials and rescue tenders and by changes to shifts and the reduction of fire cover officers. There are more efficiencies planned following a study by consultants which show there is less operational activity at certain times of the day. Community benefits include:
- the introduction of co-responding with the ambulance service – attending appropriate medical emergencies on their behalf;
 - more community safety activity and a broader approach including tackling antisocial behaviour, road safety, and environmental issues;
 - reduced fires, casualties, arson and calls to auto fire alarms; and
 - improved response times from the use of vehicle location systems – nearest resource dispatched.
- 15 The FRA has deployed its resources effectively to deliver its priorities and make improvements that benefit communities. There is a clear and significant shift of resources from response to risk reduction. The recent changes in shift patterns and work routines will release more staff resources to carry out community safety at no extra cost. Compared to other fire authorities the FRA employs an above average proportion of women firefighters and firefighters from BME groups. Since CPA, the FRA has improved arrangements for monitoring and managing projects and action plans. Plans and projects are logged and there is clear ownership by section heads. Software is used to track progress against key projects. New projects are scrutinised by the Performance and Coordination Team (PaCT) to understand if the project is feasible and aligns with priorities. The project brief now considers Health & Safety implications, an equalities impact assessment, a risk analysis and a stakeholder analysis. This is new but is important for supporting the effective implementation of plans.

- 16 There is a clear commitment to partnership working to increase capacity, gain resources and better deliver organisational objectives. A recent BV review of partnerships has led to a more structured and strategic approach, for example, through the development of a partnership register, the issuing of guidance and evaluation against set criteria. The FRA is involved in a wide range of partnerships including LSPs, CDRPs, and is a valued contributor. For example the Fire Service, is committed to working with both the Local Area Agreements and has been set targets in the safer stronger communities block to reduce all avoidable injuries. The Fire Authority also is making an increasingly significant contribution to the East Midlands Regional Management Board. It is involved in all the 6 work streams and this has resulted in clear benefits. These include joint training programmes, more effective procurement and joint training and development centres. There is also a good level of member engagement in the board.
- 17 Performance management arrangements have been improved since it was assessed as a weaker area in the corporate assessment and there is a growing ownership of performance at lower levels of the organisation, with local plans objectives and monitoring driving innovation and local improvement. Financial management is sound with no significant over or under spends. Business and financial planning have been aligned since CPA. There have been improvements to governance arrangements and members are engaged in a wide range of policy developments. This has led to a clearer understanding of the modernisation agenda. This is evident from the strong member support for tough decisions in potentially sensitive areas such as shift changes.
- 18 However the Authority has recognised that there are some weaknesses in its management arrangements including deterioration in working relationships which may inhibit the authority's ability to secure continuous improvements. It recently commissioned a report into the Human Resources (HR) function which revealed significant areas of concern. There are also concerns around the recent changes in the senior management team. The Chief Officer has recently been seconded to a national organisation which coupled with the appointment of an interim head of HR and a new appointment at Principal Officer level, leaves a relatively inexperienced strategic team.
- 19 Whilst the Authority has acted quickly to resolve these issues, including strengthening the HR function, these changes are very recent and it is not possible to assess their effectiveness at this time. Clearly these issues are critical factors which the Authority will need to manage carefully to ensure that the targets it has set for efficiencies and improvements can be achieved.

Service Assessment

- 20 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:

10 Annual Audit and Inspection letter | How is Nottinghamshire Fire and Rescue Service performing?

- 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 (OASD) element (provided to the Commission by the Department of Communities and Local Government (DCLG))

21 The assessments for the Authority are provided in Figure 2 below.

Figure 2 Fire and rescue service assessment

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

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- 22 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 the Nottinghamshire Fire and Rescue Service.
- 23 "Nottinghamshire Fire and Rescue Service performs well in all areas of service delivery from risk analysis, prevention and protection work through to its emergency response services. It organises, plans and delivers services well and uses evidence based business cases to effectively inform decision making. The Service works well with partners in order to provide a wide range of community safety initiatives, and its work around equality and diversity is a particular strength. The Service develops its staff in order to reach competence, and ensures that firefighters have good access to information about potential risks and hazards during incidents. Audit and review arrangements are adequate across all areas of service delivery. Overall the Service is performing well. It has a very good understanding of its performance, and largely recognises the few areas that require improvement."

Financial management and value for money

Report to those with responsibility for governance

- 24 As your appointed auditor I have reported separately to the Finance and Resources Committee on the issues arising from our 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - a conclusion on your Value for Money arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 25 As our report has also been to the full Authority I will not repeat its findings

Use of resources judgements

- 26 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).
- 27 For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 1

Element	Main findings	Assessment
Financial reporting	The tighter deadlines set in 2005/06 for the closedown of the accounts and the issue of the audit opinion were both met, as was the new target for the Whole of Government Accounts (WGA) return. The Authority's financial reporting score reflected a material error in the accounts which was corrected. There have been material amendments made to the accounts for the past three years but measures are now in place to minimise the risk of significant errors.	2 out of 4
Financial Management	There is a sound financial management framework in place. The Medium Term Financial Strategy (MTFS) is not fully embedded although the basic elements have been in place for some time. There is a need to strengthen asset management arrangements.	2 out of 4
Financial Standing	The Authority manages its spending within available resources. There is a history of good performance against budget and a generally strong framework of budgetary control and reporting. The Authority has in place a sound policy for reserves which is regularly monitored and reported and an effective treasury management strategy.	3 out of 4
Internal Control	Significant business risks are well managed and the need to embed arrangements across the Authority is being addressed. There are good arrangements in place to maintain a sound system of internal control. The Finance and Resources Committee's role as audit committee but this is not yet fully embedded.	2 out of 4

Element	Main findings	Assessment
Value for Money	<p>The authority's cost per head of population compares well with other fire and rescue authorities and overall it is achieving better than average levels of performance when the levels of local deprivation are taken account. In overall terms it is providing value for money. Comprehensive benchmarking of both costs and service performance would lead to a better understanding of its relative position.</p> <p>The Authority has a robust strategy for targeting efficiency savings and is on course to achieve and better them. Progress has been made with improving its performance management and communication with stakeholders has also improved. Sound project management and procurement achieve both economy and benefit for the wider community. Whole-life costing of projects would enhance procedures.</p> <p>The Authority works extensively with its partners on community safety and following Best Value reviews it is addressing weaknesses identified in its partnership arrangements.</p>	3 out of 4
Overall assessment of the Audit Commission		2 out of 4

(Note: 1=lowest, 4=highest)

- 28 We have previously reported our findings in more detail to officers. The criteria for the first four elements of use of resources was significantly harder than that in the Auditor Score Judgement for the 2005 CPA assessment. Greater emphasis is placed on ensuring that arrangements are fully embedded and providing the required outputs.

Best Value Performance Plan

- 29 I have audited the Authority's best value performance plan in accordance with section 7 of the Local Government Act 1999 and the Audit Commission's Code of Audit Practice. There were no matters to report to the Authority nor have I made any recommendations on procedures in relation to the plan.

Financial standing

- 30 The Authority's overall financial position remains satisfactory with a relatively healthy level of balances which are being built up in line with stated policy. The budgetary control framework is now underpinned by the new MTFS which, by drawing together several existing financial strategies and plans/policies, represents a significant strengthening of the arrangements.
- 31 Budget pressures, with the background of the demands of the modernisation agenda and tighter resourcing from both government and council taxpayers, are likely to continue and increase in future years. The Authority's MTFS identifies the risks and uncertainties faced and the strategy to meet these challenges.
- 32 In 2005/06 there was an overall underspend of £0.8M before transfers on a total net budget of £40 million (2 per cent), compared with the outturn in 2004/05 - £1.3 million underspending on a budget of £39.7 million (1.4 per cent). Unearmarked balances at 31 March 2006 stood at £2 million. In 2006/07 the latest projected overall position is an expected budget underspend of £1.3 million.
- 33 There was again significant slippage in the capital budget of £3.6 million with only £2 million expenditure incurred. We recommended last year that members receive and consider regular monitoring reports on capital spending and this is now done.
- 34 The Authority's pension deficit grew by 14 per cent (20 per cent 2004/05) from £226 million to £257 million but the current service cost fell by 12 per cent from £6.9 million to £6.1 million. From 1 April 2006 the Authority operates a statutory pensions account designed to help reduce the problem of volatility of the pensions budget.

Conclusion

- 35 This letter has been discussed and agreed with officers. A copy of the letter will be presented at the Finance and Resources Committee on 13 April 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.

David Brumhead
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