

Annual Audit and Inspection Letter

Hampshire 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** Hampshire Fire and Rescue Authority performs well. It is providing good value for money and is delivering services that both reflect the needs of its local communities and complies with national standards. The Authority works well with local people and is building knowledge through local networks and with partners to target those areas and communities most vulnerable, and so reduce risk. It understands where its performance needs improvement and has the ability, capacity, and confidence to make the necessary change.
- 2** The Authority generally manages its resources well. It keeps within its budget and continues to maintain an acceptable level of council tax through financial prudence, innovation, and extensive partnership working. It is beginning to understand and quantify its use of natural resources and its impact on the environment. It is developing plans to reduce its carbon footprint, but recognises that it needs to set more ambitious targets.
- 3** The Authority is delivering good results that are making local communities safer. It uses its operational staff in a cost-effective and flexible way to undertake community safety activities such as home fire safety visits so that incidents of fire, death, and injury have significantly reduced. It is using imaginative campaigns to promote community safety and is working extensively with children and young people to provide positive role models and so reduce anti-social behaviour and arson, and improve road safety.
- 4** Hampshire has strong leadership and has the capacity and capability it needs to deliver future improvement. The Authority has implemented a new structure to focus its activities on local needs and continues to invest in training and development to ensure that all levels of managers and staff have the right skills and competence now and for the future.
- 5** The Authority is improving outcomes in the majority of its key priority areas. These improvements are reflected in the high levels of public satisfaction achieved in recent surveys and in the highest level of performance (Improving strongly) in the recent Direction of Travel assessment.
- 6** The accounts production continues to be robust and timely and the Authority performs well in our scored use of resources assessment.
- 7** With the extent of the global economic crisis becoming more apparent the Authority faces a most challenging period financially. Close monitoring of financial plans and budgets will be required to ensure reserves and balances can be maintained and to contain Council Tax increases.

Action needed by the Authority

- 8 The main actions needed by the Authority identified from our work in 2007/08 are as follows.
- Monitor closely the financial position in the developing financial climate, to ensure spending plans are regularly reviewed and matched to expected levels of resource.
 - Ensure actions agreed to improve the approach to equality and diversity are implemented so that the workforce better reflects the communities it serves.
 - Monitor the actions being taken to address risks associated with not having kept pace with the backlog of building maintenance and repair over recent years.
 - Ensure agreed actions to progress further improvements in the use of resources assessments are implemented.

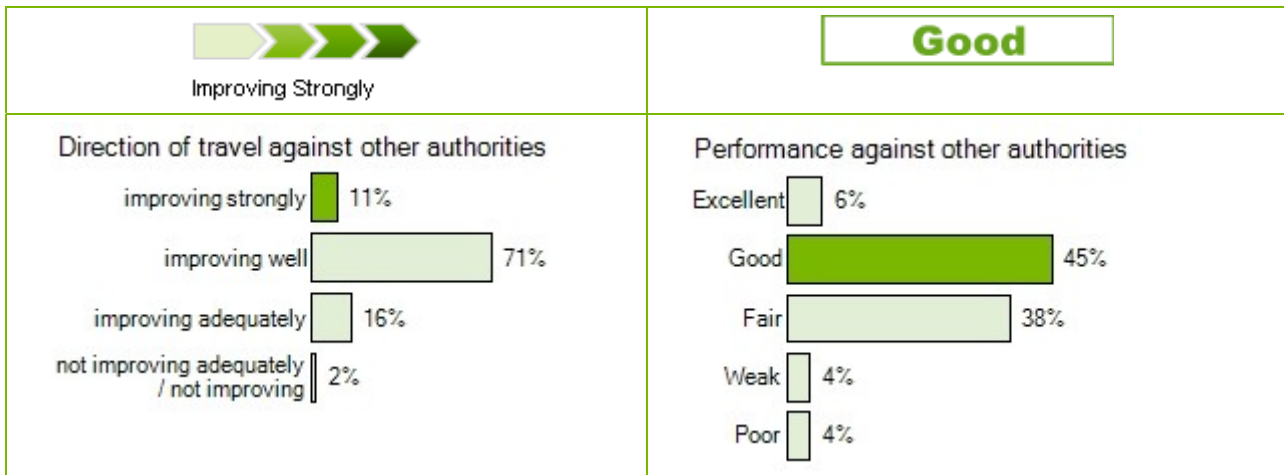
Purpose, responsibilities and scope

- 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 it on its website).
- 12 Your appointed auditor 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, the auditor 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 We have listed the reports issued to the Authority relating to 2007/08 audit and inspection work at the end of this letter.

How is Hampshire Fire and Rescue Authority performing?

15 The Audit Commission’s overall judgement is that Hampshire Fire and Rescue Authority is improving strongly. The Authority was assessed as Good 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.

Figure 1 Overall performance of authorities in CPA



Percentage figures may not add up to 100 per cent due to rounding

Source: Audit Commission

The improvement since last year - our Direction of Travel report

16 Hampshire Fire and Rescue Authority is improving strongly. It has made good and sustained progress in delivering better services that meet the needs of all its communities. The Authority is achieving high service performance with 76 per cent of its performance indicators improved since last year. It has worked with key partners, such as the Police, Ambulance Service and schools to provide the most timely emergency response, reduce road traffic incidents, anti-social behaviour and arson. It manages its resources well and has continued to provide good value for money through careful financial management, innovation, and extensive partnership working.

How is Hampshire Fire and Rescue Authority performing?

17 Staff work in a cost-effective and flexible way, undertaking community safety activities such as home fire safety visits and making significant improvement in reducing incidents of fire, death, and injury. Hampshire has made good progress in addressing weaker areas highlighted in last year's review. Diversity is now well integrated into the organisation, and the Authority has recently achieved level 3 of the Equality Standard, but it knows it needs to continue to improve its approach to equality and diversity so that it truly reflects the communities it serves. Hampshire has robust plans for improving further and has the ability, capacity and confidence to make change.

Responding to emergencies effectively.

- 18** The Fire Authority responds well overall to emergencies. It continues to drive improvement to meet its challenging response targets and has introduced the Beacon Station initiative to set and deliver more ambitious targets to reduce deaths and injuries. It is sharing best practice and is comparing performance across stations to achieve higher and more consistent standards. As a result targets are being met.
- 19** Hampshire has made good progress in implementing the recommendations of the 2006 assessment of operational service delivery. It has addressed all areas that needed improvement so that, for example, incident debriefs have been introduced for all levels of incidents and the relevant training and development have been provided to staff. The Authority has low levels of accidents and the reporting of these is improving. However, managers recognise that there is still more to do in improving the accuracy of reporting near misses and capturing learning from accidents.
- 20** The Authority is delivering the changes and improvements that are expected as part of the National Framework for Fire and Rescue Services. For example, it has developed over 200 dual contracts with whole time and retained staff which is producing a more flexible and mobile workforce to deliver community safety activities. Hampshire also responds well to medical emergencies in those areas where it can respond faster than the ambulance service. It currently operates six co-responder schemes for South Central Ambulance Service and has attended over 4000 emergencies. A further eight schemes will be introduced in 2009.
- 21** Hampshire has continued to develop its Rural Safety Team which provides specialist emergency response and targeted safety initiatives to rural communities. This programme has received national recognition and is now being shared with other fire and rescue services. It also supports other fire and rescue services as a partner in the National Resilience Programme and provided personnel and equipment during the flooding incidents in South Yorkshire and Gloucestershire. The Service has now developed a robust Business Continuity Plan to enable it to provide and maintain the necessary emergency cover in the event of terrorist attack or other civil emergency.

Outcomes for local people

- 22** Hampshire Fire and Rescue Service is helping to make local communities safer. Deaths from fires decreased from five in 2006/07 to four in 2007/08. Over the same period, injuries from fires dropped 17 per cent to 91 cases and deliberate arson in vehicles reduced by 16 per cent from 607 incidents in 2006/07 to 510 in 2007/08. During 2007/08 the Authority made a 25 per cent reduction in the number of unwanted automatic fire alarms it attended. This resulted in considerable resource savings being made.
- 23** Community leadership is strong and partnership engagement is well developed. The Chief Officer sits on Local Area Agreement (LAA) Executive and the service is represented on the strategic Crime and Disorder Reduction Partnership (CDRP). As a result the Authority is able to effectively influence LAAs and is improving outcomes for local people. It is showing tangible improvement in those indicators which feature in Local Area Agreements and which contribute to overall community safety. However, it still needs to reduce the number of fires in non-domestic properties.
- 24** The Fire Authority is improving services for the whole community. It has undertaken 20,000 Home Fire Safety Visits (HFSV) over the year and 95 per cent of Hampshire residents now have smoke detectors in their homes. Referrals by partners such as the Police, health bodies, voluntary organisations, and community wardens are helping the fire service to gain better access to vulnerable people.
- 25** It has established community outreach teams and local advocates to ensure effective communication with all parts of the community, especially hard to reach groups. For example, in Rushmoor, Hampshire Fire and Rescue Service has worked in conjunction with the Ghurka Association to produce a HFSV booklet specifically to target the local Nepalese community written in Nepalese. It has worked with the Sensory Advisory Awareness teams in Portsmouth, Southampton and Hampshire to ensure that individuals with sensory impairment receive the most appropriate services to meet their needs. Hampshire has received national recognition for its work in reaching and engaging with the Black and Minority Ethnic Community.
- 26** Young people are safer in Hampshire because of the Fire and Rescue Service's efforts. It continues to work effectively with young people through Local Intervention Fire Education (LIFE) schemes and school education programmes and initiatives to reduce arson, anti-social behaviour, improve road safety and reduce road traffic collisions. This includes 'Safe Drive, Stay Alive' road shows delivered to 700 Sixth Form students, active participation in Safer Roads partnerships and delivery of initiatives designed to tackle vehicle related crimes and poor driving behaviour.

Managing its resources

- 27** Hampshire manages its resources well to ensure that it delivers its aims and objectives. Its priorities are clearly integrated within its Integrated Risk Management Plan (IRMP) and Medium Term Financial Plan and are thoroughly reviewed each year to take into account new and emerging risks. New and revised corporate objectives and targets for achievement are subjected to extensive consultation with local communities and partners.

How is Hampshire Fire and Rescue Authority performing?

- 28** The Authority continues to seek and achieve value for money. Overall costs compare well with others. It continues to keep within its budget and has restricted annual council tax increases to an average of three per cent over the last three years through financial prudence, innovation and extensive partnership working. Over the same period the Authority has made efficiency improvements of £3.8 million. The Authority regularly compares costs and performance with other similar fire services to identify further savings and share good practice. The Authority has clear objectives to deliver value for money and there is an effective framework for monitoring and reviewing financial and service performance. As a result, costs and performance are better understood by all staff and appropriately challenged by managers and members.
- 29** The Authority makes extensive use of partnership working to secure added value for money and improve service delivery. For example, Hampshire Fire and Rescue Authority (HFRA) is involved in the multi-agency national retail enforcement pilot. This is a government led initiative aimed at regulatory bodies, encouraging them to work in a more effective manner to maintain standards and lighten the regulatory burden on commerce. HFRA developed a sensible and practical approach to sharing information and using standardised forms and technology so that Trading Standards and Fire Service Officers captured information and highlighted issues only once.
- 30** This approach demonstrated sensible and practical partnership working, and achieved better quality of service for customers as well as being more cost effective and efficient. In recognition of its success, the government body, the Local Better Regulation Office (LBRO) has awarded HFRA a Silver Star Award for its commitment to the project in its first year. In addition, although currently awaiting High Court judgement, the successful and innovative collaboration of nine fire and rescue authorities to form an 'insurance mutual' was initiated by Hampshire Fire and Rescue Authority, with initial savings of 15 per cent on the cost of providing insurance cover.
- 31** Collaborative working is delivering tangible improvements to community safety. A formal partnership has seen a fire safety officer seconded to Hampshire County Council to provide advice and support on the design and installation of sprinkler systems in key HCC buildings. Almost 30 systems have been installed in Care Homes with plans to improve the protection of the heritage properties within Hampshire. Collaboration with the Defence Fire and Rescue Service is delivering good results. A formal partnership between HFRA and the DFRS resulted in fire engineering advice to enhance the fire protection of high strategic value military equipment and HFRA have provided schools education and HFSVs for army bases. This is seen as notable practice.
- 32** The Authority manages and monitors its performance well. Group and departmental medium term plans have clear objectives which align to the corporate plan. The staff development system is well integrated within the culture of the organisation and helps improve performance. Objectives are monitored quarterly to ensure that targets are still relevant and that progress is being made.

How is Hampshire Fire and Rescue Authority performing?

- 33** The Authority has invested in performance systems that increase the knowledge and understanding of risks within local communities. It is completing risk profiles for those most vulnerable people and for those locations where accidents are most frequent so that resources and activities can be focussed where need is greatest. Hampshire is focused well on building community intelligence and has established better arrangements to support more effective data sharing.
- 34** As part of developing an overarching Community Safety Strategy, the Authority has reviewed the partnership framework to ensure that all existing and future partnership arrangements are fit for purpose, demonstrate value for money and clearly support community safety aspirations and LAA targets. All current partnerships are now listed in a dynamic partnership register and have been reviewed and evaluated against the partnership framework criteria.
- 35** Ethical governance arrangements are developing well. Members receive good and appropriate levels of financial and performance information and provide good levels of scrutiny and evaluation. They understand the objectives of the service and the wider environment in which they work. The Authority has been prepared to make difficult decisions around station closures and has delivered efficiencies with no deterioration to service delivery.
- 36** The Authority has a sound system of internal control. Policies for antifraud, corruption, and whistle-blowing are regularly updated and communicated to staff. Risk management is well established. Corporate aims and objectives are informed by robust risk analyses and recommendations from both external and internal audits and reviews. Business continuity plans are well developed and regularly tested.
- 37** Hampshire is starting to understand and quantify its use of natural resources. A two-year best value review of environmental management commenced in 2007 and an action plan is in development. Basic targets have been established and are monitored for energy consumption.
- 38** The Environment Centre is helping the Service work towards complying with ISO14001. It works with the NHS, MOD, local universities, the county council, and other fire services on environmental management. Individual projects are underway led by members of an environmental working group of staff. However project work is in its early stages; there is recognition of more to do on staff awareness, in developing a consistent environmental system for the whole service, and in managing environmental risks by working with partners.
- 39** Asset management is currently a challenge. Although it has previously maintained a good track record for integrating its asset management plans and IRMP, a recent review to update the Property Management Strategy and Register revealed that it was not keeping pace with the backlog of building maintenance and repairs identified from the three-year rolling programme of building condition reports. The Authority is now considering medium and long term options to mitigate this risk.
- 40** Hampshire has strong leadership and it has the capacity and capability to deliver future improvements. The Authority's approach to workforce development and planning is strong with a clear understanding of its workforce needs in the medium to longer term. The benefits of effective succession planning are well understood and the organisation actively seeks to develop its staff through mentoring and secondment opportunities.

How is Hampshire Fire and Rescue Authority performing?

- 41** Hampshire actively looks to match the talents of individuals across the service and match them with roles that best utilise their skills. As a consequence, the Authority is making the best use of its workforce to deliver its priorities. Its work is underpinned by high professional standards and ways of working. The FRA has a positive approach to the occupational health and wellbeing of its workforce. This approach has contributed to a fitter, healthier workforce, so that staff sickness levels are falling and are lower than the national average.
- 42** Hampshire is committed to improving equality and diversity both in the workplace and in the community but recognises there is more to do to have a more diverse workforce. It has formed a dedicated team to identify strategic and practical actions to enable it to achieve level 3 of the Equality Standard for Local Government by December 2008. The FRA is developing a network of advisors from vulnerable groups to help the communities it serves. It is now working with Hampshire Police to develop support networks for staff from minority groups. Equality and diversity is much more integrated with the way training is delivered. However, it recognises that this is an ongoing agenda and that there is more to do to secure measurable change.
- 43** The approach to engaging and communicating with local people, staff and partners is strong and well developed. A range of internal and external publications are used to market the work and services available. A public opinion Survey undertaken in 2007 showed that 66 per cent of people were satisfied with the service; 70 per cent of people remembered a recent fire safety message, 95 per cent of people have at least one smoke alarm in their home with 45 per cent testing their alarms once a month.

Service assessment

- 44** 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 the following 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).
 - The operational assessment of service delivery element (provided to the Commission by the Department of Communities and Local Government (DCLG)).
- 45** The assessments for Hampshire Fire and Rescue Authority are provided in Table 1.

Table 1 Service Assessment

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

Source: Audit Commission

2006 Operational assessment of service delivery

- 46** Hampshire Fire and Rescue Authority scored 4 (performing strongly) in the CLG's OASD. The OASD looks at fire prevention and emergency responses to fires, accidents, rescues, major incidents, terrorism and environmental threats. it covers the following areas.
- Risk analysis.
 - Prevention and protection.
 - Operational preparedness.
 - Call management and incident support.
 - Emergency response.
- 47** The following text was provided as part of the service assessment of Hampshire Fire and Rescue Authority.
- 48** Hampshire Fire and Rescue Authority is performing strongly in most areas of service delivery from its work in prevention and protection, operational preparedness, and call management and incident support. The Service is significantly involved with partner organisations in order to deliver community safety, and ensures that resources are targeted to those most in need. Its response to emergencies is flexible and appropriate.
- 49** Constant monitoring enables the Service to attend incidents efficiently, and ensure that the most appropriate resources are sent. There are evident strengths in the provision of the technical infrastructure, systems and human resources required to sustain call management and incident support arrangements. Risk analysis is good with tangible outcomes from the relocation of resources. Resources are targeted at objectives linked to the integrated risk management plan, and there are clear policies for civil protection. Overall, the Service is performing strongly with a clear health and safety culture and a resolute commitment to equality and diversity.

The audit of the accounts and value for money

- 50** Issues arising from the 2007/08 audit were reported separately to the Governance Committee acting as 'Those Charged with Governance' (TCWG) on 19 September 2008. The Governance Committee considered the matters raised by the District Auditor in the Annual Governance Report before recommending the financial statements and representation letter for approval.
- 51** The financial statements submitted for audit were complete, included the annual governance statement, and were supported by sound working papers. There was one significant difference between the approved accounts and those submitted for audit which related to a post balance sheet event note for revised pension commutation factors where the advice was issued in July 2008. The accounts were amended in line with the guidance received.
- 52** A number of adjustments and additional disclosures were agreed with officers to ensure compliance with the 2007 Local Authority Statement of Recommended Practice (SORP). The amendments agreed were presentational and did not affect the reported financial position. No material weaknesses were noted in the design or operation of internal financial controls.
- 53** On completion of the auditor's reporting to the Governance Committee the Fire Authority were issued with:
- an audit report, dated 30 September 2008, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - an audit report, providing an unqualified opinion on the Whole of Government Accounts consolidation pack.

Use of Resources

- 54** 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).

55 For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas as shown in Table 2.

Table 2 Use of Resources

Element	2007 assessment	2008 assessment
Financial reporting	3	3
Financial management	2	3
Financial standing	3	3
Internal control	2	3
Value for money	3	3
Overall assessment	3	3

(Note: scores out of 4; where 1 = lowest, 4 = highest)

56 These headline scores indicate that the Authority continues to perform well in its use of resources and has arrangements in place which are consistently above the minimum requirements. We have produced a separate report on the use of resources assessment setting out the detailed scoring judgements in each area and highlighting some areas where there are further improvement opportunities.

57 The key conclusions from our work for each theme were as follows.

Financial Reporting

58 The Authority continues to produce good working papers to support the accounts. The closure process was well managed in 2007/08, with a good level of response to auditor queries. The accounts were subject to a robust member scrutiny.

59 All statutory requirements for the early closure of accounts were met and the authority follows professional standards in all significant respects. The draft accounts presented for audit contained three 'non-trifling' errors, and all the suggested amendments were promptly made in accordance with an agreed action plan. An unqualified opinion was issued on the financial statements by 30 September 2008.

60 The Authority has not published a separate annual report for 2007/08, which combines summary accounts and backward looking performance information.

The audit of the accounts and value for money

Financial Management

- 61 The Authority's medium-term financial strategy is linked to other internal strategies/plans as appropriate, such as human resources, IT, etc. via the Service Corporate Plan. The IRMP and Service Corporate business plan drive the medium-term financial strategy and internal resource allocation, with changes in allocations determined in accordance with policies and priorities.
- 62 Key messages from the authority's medium-term financial strategy have been communicated to staff and stakeholders. Leaflet sent to all ratepayers showing corporate aims and brief details of the budget for the year. Budget setting report includes details of the results of consultation meetings with trade unions, businesses, residents, and taxpayers.
- 63 Well-established processes are in place to monitor and report on performance. No significant departmental overspends/underspends have occurred that were not dealt with promptly and associated underlying budgetary pressures are being managed effectively over time. Progress in achieving planned savings and efficiency gains is regularly reported to senior management with developed action plans. The budget setting report includes three-year budget for efficiency savings and progress against targets is monitored by the finance and general purposes committee.

Financial Standing

- 64 The Authority has consistently maintained its spending within its overall budget year on year and without significant unexpected overspends or underspends on individual budgets.
- 65 For the year 2007/08 there was an overall underspend of £354k against the revised budget. The Authority's policy for reserves and balances is based on a thorough understanding of needs and risks, which has been properly and clearly reported to and agreed by members.
- 66 An annual level of reserves is approved at same time as the budget and precept. A detailed report provided with the budget report to members discusses the background and assesses risks before determining level of reserves required. The approved level of balances is adhered to and ensures the Authority's financial standing is sound and supports the Authority in the achievement of its long-term objectives.

Internal Control

- 67 The IRMP is supported by an annual SMART action plan that is subject to appropriate consultation before it is finalised, published, and implemented. The risk management process is reviewed and updated quarterly. A formal partnership policy is in place supported by a partnership toolkit. Hampshire Fire has led the development and implementation of the Community Fire Risk Management Information System (CFRMIS), a database that holds all risk records relating to premises.
- 68 The Authority has put in place an assurance framework that maps the authority's strategic objectives to risks, controls, and assurances through the IRMP, Risk Management Strategy, and Risk Registers. There is an effective and minuted scrutiny committee and minutes are published on the website in an open approach.

- 69 The scrutiny committee uses local best value reviews to provide constructive challenge and enhance performance overall. The framework has provided members with appropriate information and assurances to support the annual governance statement.
- 70 The Authority has formally adopted the new model code of conduct for members, and there is a counter fraud and corruption policy applying to all aspects of the authority's business and a whistle-blowing policy in place. Annual reminders are sent to members and staff about declaring gifts and hospitality and members required to make annual declaration of interests.

Value for Money

- 71 Hampshire Fire and Rescue Authority is the seventh largest FRA in the country. The overall cost per head of population is £58.23 (Council Tax Band D), making it the eighth lowest costed fire authority in the country, compared to Kent at £63.81 and East Sussex at £77.06. The FA achieved its aim of keeping increases in council tax below the increase in state pensions.
- 72 The Authority has a sound understanding of its costs linked to performance. Regular benchmarking is undertaken within the family group to identify performance issues and to drive efficiency programmes. It has realigned resources to improve response times, reduce accidental dwelling fires, and fulfil its efficiency savings targets.
- 73 The Authority has implemented changes to the organisation and management structure that are enhancing its capacity to deliver new ways of working. This includes creating the dedicated strategic projects and specialist response directorate to spearhead major modernisation schemes, and an integrated service delivery directorate that pulls together prevention, protection, and response activities, driven by better risk intelligence.
- 74 Hampshire Fire is clearly focused on improving value for money. It has made tangible progress from last year by consolidating vfm processes, ensuring that all levels of the organisation understand and contribute to vfm targets. Members and managers regularly monitor performance information, risk analyses, and comparisons with other fire services in planning efficiency savings and service developments. Plans are regularly and robustly reviewed and take into account new and emerging risks.
- 75 Hampshire Fire makes full use of national procurement initiatives and the SE Fire and Rescue Services Regional Management Board procurement Strategy. A jointly produced single council tax leaflet with Hampshire County Council, Hampshire Police Authority and a number of District Councils has resulted in considerable savings in authorities' budgets.
- 76 Partnerships are used effectively to enhance capacity and to pursue corporate objectives and the Authority is an active member of the Hampshire Strategic Partnership. Partnership projects with Hampshire Police, Health Services and schools have had significant impact on reducing arson, anti-social behaviour, and road traffic incidents.

The audit of the accounts and value for money

Emerging risks to future performance

- 77** Subsequent to completing our assessment the extent of the global economic crisis has become more apparent. The Authority had appropriate treasury management arrangements in place in line with the prudential code and has not identified significant funds 'at risk' as a result of the collapse of the Icelandic Banks.
- 78** Whilst the large recent cuts in interest rates do not pose a significant threat to the Authority's income levels at this stage, the scale of the recession is likely to impact on other areas of income such as local tax collection rates, fees and charges in the coming period.
- 79** The Authority will need to keep its medium term financial strategy and budget forecasts under constant review to reflect potential impacts of the developing economic climate on future income levels and spending plans.

Other audit work in 2007/08

- 80** We have also completed work during the year on the output from the National Fraud Initiative data matching exercise. There were no matters arising from this work that we need to bring to the attention of members.

Advice and Assistance work

- 81** We have not undertaken any Advice and Assistance work for the Authority under section 35 of the Audit Commission Act during 2007/08.

Looking ahead

- 82** The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA), which was published in February 2009. CAA will provide an independent assessment of how well people are being served by their local public services. At its heart is a new area assessment in which the inspectorates will provide a joint view of the prospects for local areas and the quality of life for people living there.
- 83** CAA will have two main elements, which will inform each other:
- an area assessment that looks at how well local public services are delivering better results for local people in agreed priorities, such as health, economic prospects and community safety, and how likely they are to improve in the future; and
 - organisational assessments for each public body, combining the external auditor's assessment of value for money with a joint inspectorate assessment of council service performance. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 84** The area assessment will draw on the detailed work of the inspectorates in their core areas of activity, the views of local people, people who use local services and other stakeholders, the new national indicator set and the information being used to manage public services locally. It will address local priorities and will always include a specific focus on people, including children and young people, who may experience disadvantage in accessing public services and whose personal circumstances make them most vulnerable.
- 85** CAA will result in reduced levels of inspection and better coordination of inspection activity. It is also intended to act as a catalyst for better partnership working at the local level and to support local accountability by providing clear information to local people.
- 86** The first area and organisational assessment reports will be published in November 2009.

Closing remarks

- 87** This letter has been discussed and agreed with the Chief Officer and Director of Corporate Services. A copy of the letter will be presented at the Governance Committee on 25 March 2009. Copies need to be provided to all Authority members.
- 88** 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	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	December 2008
Use of Resources	November 2008
Direction of Travel and Service Assessment	March 2009
Annual audit and inspection letter	March 2009

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

Availability of this letter

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

Linda Krywald

Corporate Area Assessment Lead

March 2009

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.

Copies of this report

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