

Annual Audit Letter

Hampshire Fire And Rescue Authority

Audit 2008-2009

November 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

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit Opinion and Financial Statements

- 1 We completed our work in line with the statutory timetable and issued an unqualified opinion on your financial statements and whole of government accounts consolidation pack on 29 September 2009.
 - 2 The financial statements submitted for audit were produced on time, to a good standard and contained no material errors.
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Value for money

- 3 The Use of Resources exercise for 2008/09 is new. This year the scoring focuses much more heavily on outcomes being achieved by the Authority from its resources. The scored assessment criteria establishes that, at level 3, the Authority has implemented effective arrangements that:
 - are forward looking and proactive in identifying and developing opportunities for improvement;
 - include sophisticated measuring and assessment techniques; and
 - lead to outputs and outcomes which have the intended impact, and show clear evidence of effective partnership working.
- 4 We concluded that the Authority is performing consistently above minimum acceptable levels and achieving value for money and scored all areas at level 3. It is clear that you continue to drive forward an ambitious improvement programme and there is evidence of tangible outcomes. If you aspire to level 4 you will need to demonstrate that performance is excellent across the entire scope of each Key Line of Enquiry (KLOE). This requires robust evidence that strong arrangements have led to demonstrably excellent outcomes throughout the year under review. You will also need to decide to take relevant action only where you believe that the actions and resources required would be commensurate to the improvements gained.
- 5 Based on the work completed for our use of resources assessment we issued an unqualified Value for Money (VFM) Conclusion on your arrangements for securing economy, efficiency, and effectiveness in the use of resources on 29 September 2009.

Audit Fees

- 6 We reported our fee proposals as part of the Audit Plan for 2008/09. The table below reports the forecast outturn fee against that plan.

Table 1 Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	£44,350	£44,350	£0
Value for money	£39,150	£39,150	£0
Total audit fees	£83,500	£83,500	£0
Non-audit work	£0	£0	£0
Total	£83,500	£83,500	£0

Actions

- 7 Recommendations made within our detailed reports have been agreed with your officers. Reports issued for 2008/09 are shown in table 3. There were no recommendations that were significant enough to be repeated in this letter.

Independence

- 8 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity, and independence.

Financial statements and annual governance statement

The Fire Authority's financial statements and annual governance statement are an important means by which the Authority accounts for its stewardship of public funds.

Significant issues arising from the audit

- 9** Our overall materiality level for the opinion audit at Hampshire Fire and rescue Authority was set at £1.5M in line with guidance issued by the Audit Commission and International Auditing Standards. With this overall level of materiality the level of error for reporting to those charged with governance was set at £14,600.
 - 10** There was only one unadjusted misstatement noted during the audit process. This related to the accounting treatment of the Fire and Rescue Authorities Mutual Limited (FRAML). Expenditure with the FRAML has been treated as an Investment within the accounts rather than a JANE (a joint working arrangement but not a separate accounting entity).
 - 11** The effect of the Authority's accounting treatment is that both income and cash relating to the FRAML are understated by £97,000. As this is not material and, following relevant decisions made by the High Court and subsequently the Court of Appeal, it is likely that FRAML will be wound up in 2009/10, you decided not to amend the accounts.
 - 12** Whilst we were required under auditing standards to report this issue to you, in giving our opinion we were satisfied with your decision not to amend based on your representations.
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Material weaknesses in internal control

- 13** I did not identify any significant weaknesses in your internal control arrangements.
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Accounting Practice and financial reporting

- 14** The Financial Statements were produced in line with agreed timetables and approved by the Authority prior to the 30 June statutory deadline. Working papers were once again produced on time and were of a good standard to support the entries and disclosures in the accounts.

Value for money and use of resources

I considered how well the Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Authority put in place adequate corporate arrangements for securing economy, efficiency, and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 15** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 16** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 17** Your use of resources theme scores are set out in Table 2 below. The definition of the scores achieved is set out in subsequent paragraphs.
- 18** The key findings for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	3
Managing resources	3

Approach

- 19** The Use of Resources exercise for 2008/09 is new. It is significantly more demanding than previous assessments. The KLOE are more broadly based than previously and embrace wider resource issues such as workforce planning and the use of natural resources. The KLOE focus more on value for money achievements, outputs, and outcomes rather than on processes. The KLOE are also strategic and less detailed.

Value for money and use of resources

- 20** This year the scoring focuses much more heavily on outcomes being achieved by the Authority from its resources. The aggregation of your theme scores gives an overall use of resources score at level 3. This is a very commendable achievement given the tougher test described above. A level 3 score indicates, the Authority has implemented effective arrangements that:
- are forward looking and proactive in identifying and developing opportunities for improvement;
 - include sophisticated measuring and assessment techniques; and
 - lead to outputs and outcomes which have the intended impact, and show clear evidence of effective partnership working.
- 21** We found evidence that the Authority is performing consistently above minimum acceptable levels and achieving value for money.
- 22** There are similarities to the previous process but comparison of scores with last year is not possible nor would it be appropriate. However, within the detailed analysis there is evidence that the Authority continues to improve.

Conclusion

- 23** The key message from our assessment is that you continue to perform well. There is good evidence of beneficial outcomes for the community, strong partnership working, and some innovative practices. You are also able to demonstrate that best professional practice is being applied across all areas of business with generally effective and embedded processes. In reaching our assessment we noted that:

Managing Finances

- 24** You manage your resources well to ensure that you deliver your aims and objectives. Priorities are clearly integrated within the Integrated Risk Management Plan (IRMP) and Medium Term Financial Plan and are thoroughly reviewed each year to take into account new and emerging risks.
- 25** Efficiency improvements of £3.8million have been achieved, exceeding targets. There is an excellent record of accomplishment in making efficiencies and reducing costs for services. You have engaged extensively and frequently with local communities in the planning of service delivery and value for money. You have implemented both consultation and engagement and participation strategies, to ensure that all parts of the community are effectively involved in the development of services, including hard-to-reach groups.
- 26** There is a strong history of achieving financial budgets and you maintain a prudent level of balances based on a risk analysis.
- 27** This overall sound financial management has enabled Council Tax levels to be maintained at well below average while continuing to demonstrate performance in the upper quartile for the majority of Performance Indicators.
- 28** External reporting is good and you are proactive in improving accessibility for all residents. Partnership working is strong and has enabled the service to maximise the value gained from partnerships' overall resources.

- 29 You continue to promote and achieve value for money through reviews of emergency cover and crewing arrangements, for example, meeting efficiency targets by closing one station and upgrading three stations from day crewing to whole time crewing, thus improving service performance at no additional cost.
- 30 The economic downturn and banking crisis is having a very significant impact on public finances and the bodies that manage them. You have responded with a prompt review of treasury management, risk management and medium term financial strategies and have fed the potential risks into your budget plans for 2010/11 to 2012/13.

Governing the business

- 31 You have established a clear vision to manage resources in a cost-effective way and to evaluate activities and new initiatives to ensure that investment is worthwhile. You have established community outreach teams and local advocates to ensure effective communication with all parts of the community, especially hard to reach groups. National recognition has been received for work in reaching and engaging with the Black and Minority Ethnic Community.
- 32 Development of the Rural Safety Team has continued 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. You work closely with community safety partners to provide the most effective and tailored services to their communities. For example, you use MOASIC to plot community intelligence and commission the most appropriate activities.
- 33 The Service has relevant and reliable data quality arrangements in place. All expected basic governance controls and processes are in place and there is a strong risk management culture supported by action plans which have successfully mitigated all significant risks.
- 34 You recognise that member involvement can be enhanced through a good understanding of current and emerging issues, as well as knowledge of the Service's day-to-day procedures, initiatives, activities, vehicles and equipment. This is achieved through regular member 'briefing and awareness sessions', the Chief Officer's regular 'Members' Bulletin', and the new style 'Activity Report'.
- 35 A successful partnership with the Ambulance Service has assisted the FRA with recruitment, and development of retained staff whilst significantly improving local ambulance response times. As a result, it is anticipated that the Authority will receive a financial reward in excess of £300,000 for the Hampshire local Strategic Partnership. Further, agreement has been reached for the 14 co-responder schemes to be fully funded by the South Central Ambulance Service NHS Trust.

Managing resources

- 36 For 2008/09 the Audit Commission specified that the KLOE to be assessed for fire authorities was workforce planning. We have not assessed the KLOEs on managing natural resources and strategic asset management.

Value for money and use of resources

- 37 Your approach to workforce development and planning is strong with a clear understanding of workforce needs in the medium to longer term. The benefits of effective succession planning are well understood and the organisation actively seeks to develop staff through mentoring and secondment opportunities.
- 38 You have developed a comprehensive Workforce Strategy to support current and future service delivery. The Workforce Strategy 2009-2012 integrates training, recruitment and people management in a cradle to grave approach. It concentrates on outcomes rather than outputs and makes clear links between the people development plan and the IRMP.
- 39 Staff are well engaged in service development and organisational change. The Authority is committed to improving equality and diversity both in the workplace and in the community. It has formed a dedicated team to identify strategic and practical actions that enabled it to achieve level 3 of the Equality Standards for Local Government in December 2008. The Authority has also developed a network of advisors from vulnerable groups to help the communities it serves.

Data Quality Spot Check

- 40 Our work on data quality and the national indicator set supports the Use of Resources assessment and gives assurances over individual indicators. We have followed the Audit Commission's three-stage approach to the review of data quality, which includes:
- a review of management arrangements (as part of Use of Resources KLOE 2.2);
 - an Analytical review and reasonableness check; and
 - Indicator Spot Checks on a sample of indicators specified by the Audit Commission.
- 41 The spot check element of the data quality work is new to the use of resources assessment for fire authorities. The indicators selected and summary of spot check findings are shown below:
- **NI33. Number of arson incidents.** We concluded that the underlying data for producing NI 33 has been reported accurately and in accordance with guidance. We did note however, some minor errors on locally produced performance data. These were due to timing differences and have now been corrected.
 - **NI49. Number of primary fires and related fatalities and non-fatal casualties.** As for NI33 we concluded underlying data was accurately reported. The timing errors on internal reports also apply to this indicator.
 - **Local Indicator - working days/shifts lost to sickness absences.** There were no issues noted in the compilation of this indicator.
 - **Local Indicator - number of injuries and shifts lost to injury for fire fighters and all staff.** We concluded that the underlying data for producing NI 33 has been reported accurately. We noted a minor difference between reporting formats used locally for reporting and the guidance. This did not affect data quality and the format is now being changed to enable more effective benchmarking.

- 42** As there were no significant issues arising from our use of resources assessment or any recommendations to report, we have not produced a separate detailed report on Use of Resources for 2008/09. More detailed conclusions and potential areas for further improvement where applicable are shown for each of the KLOE in Appendix 1.

VFM Conclusion

- 43** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. As your use of resources judgements and the scored assessment of each of the underlying key lines of enquiry were marked in all areas as exceeding the minimum standards required, I was able to issue an unqualified conclusion stating that, in all significant respects, you had proper arrangements to secure economy, efficiency and effectiveness in your use of resources. A summary of my conclusions on each key line of enquiry are set out in Appendix 1.

Closing remarks

- 44** I have discussed and agreed the content of this letter with the Chief Officer, Director of Corporate Services, and the Treasurer. I will present this letter at the Governance Committee on 20 November 2009 and will provide copies to all committee members.
- 45** Further detailed findings, conclusions, and recommendations in the areas covered by our audit are included in the reports issued during the year.

Table 3

Report	Date issued
Audit and inspection plan	April 2008
Annual Governance Report	September 2009
Opinion on financial statements	September 2009
Value for money conclusion	September 2009
Annual audit letter, including Use of Resources	November 2009

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- 46** The Authority continues to take a very positive and constructive approach to our audit. I wish to thank members and staff for their support and co-operation during the audit.

Kate Handy
District Auditor
November 2009

Appendix 1 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

Theme score 3
Key findings and conclusions
<p>The Fire Authority manages its resources well to ensure that it delivers its aims and objectives. Priorities are clearly integrated within the Integrated Risk Management Plan (IRMP) and Medium Term Financial Plan and are thoroughly reviewed each year to take into account new and emerging risks. Efficiency improvements of £3.8million have been achieved over three years, exceeding targets. There is an excellent record of accomplishment in making efficiencies and reducing costs for services. The Fire Authority engages extensively and frequently with local communities in the planning of service delivery and value for money. It has implemented both consultation and, engagement and participation strategies, to ensure that all parts of the community are effectively involved in the development of services, including hard-to-reach groups.</p>

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.1 (financial planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The integration of financial planning with strategic and corporate planning is well embedded at HFRA through the rolling 3-year IRMP process. The annual review of the corporate plan and performance management framework ensures that new and emerging risks are fully taken into account as well as the impact on strategic priorities of current performance. Over the period 2006 to 2009 the savings included within budgets have been achieved and cashable efficiency improvements of £3.8M have been achieved against Government targets of £3.3M. Group and departmental plans have SMART objectives, which align to the corporate plan objectives. The policy on the level of reserves and balances is based on a thorough assessment of risk which is understood by Members and has enabled the FRA to achieve the objective set out in its Medium Term Financial Strategy (MTFS) - "to keep tax increases below increases in state pensions".</p> <p>This year consultations on financial plans were held with trade union representatives, business interests groups and strategic partners. There have been regular user focus groups where budgets are explained. High level of customer satisfaction (66%) with supportive comments received on financial plans. HFRA can demonstrate that financial planning contributes to improved outcomes in relation to key priorities:</p> <ul style="list-style-type: none"> • Reduce deaths and injuries from accidental fires by 20% by 2010. Deaths have reduced from 0.54/100K pop in 2005/06 to 0.24/100K pop by 2008/09. This performance is now in the best quartile. Injuries have reduced from 8.29/100K pop in 2005/06 to 6.09/100K pop in 2008/09. • Reduce the number of deliberate fires by 20% by 2010. Financial plans have targeted resources from efficiency savings to closer working on Arson with the Hants Arson task Force partnership with Hants Police. This has enabled arson incidents to reduce from 6.3/10K pop in 2005/06 to 5.0/10K pop. This is best quartile performance. • Reduce the number of fires by 20% by 2010. Resources allocated to increasing home visits through IRMP and budget plans. From April 2008 some 20,000 visits have been carried out using crews and support staff and a pilot scheme, using retained staff, which is now being rolled out further. The number of primary fires has reduced from 10.9/10K pop in 2005/06 to 8.3/10K pop. This has achieved the target reduction ahead of schedule. • Work with others to reduce deaths and serious injuries on the road by 40% by 2010. Partnership working has been supported for road safety teams and resources have been adjusted and re-allocated to provide additional watch managers to improve joint working on road safety. HFRA also delivered corporate driver awareness programmes for Southern Electric and to sixth form colleges. Road collisions have reduced from 1597 to 2005/06 to 1310 in 2007/08 (18%) and is indicating further reduction in 2008/09. • To be in the top 10 performing fire and rescue services in the country by 2010. HFRA is ranked 12th out of 48 for the percentage of performance indicators improved in the last year (76 %). In addition 45 % of performance indicators were above the best quartile breakpoint. 	

HFRA can also demonstrate further outcomes of a good financial planning process including:

- timely and efficient completion and approval of the annual budget in November 2008 with FRA approval February 2009;
- stable and responsive financial environment for service planning and delivery;
- budget has been achieved in all of the previous 10 years;
- structured medium-term approach to delivering savings and efficiencies within the MTFS;
- savings achieved in excess of targets;
- a well managed capital programme linked to priorities and supporting service improvements covering the medium term and based on affordability and sustainability; and
- reviewed and updated treasury management strategy subsequent to the collapse of the Icelandic Banks.

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The FRA financial planning and management processes ensure that there is a sound understanding of the costs incurred, the main cost drivers, and factors that influence these and how these change with activity over time. Management accounting processes enable detailed analysis of cost information across the range of services provided. Costs are analysed at unit or transaction level, particularly for significant, priority or high spending areas. The Authority continues to seek and achieve value for money. Overall costs compare well with others. For example, its expenditure per head of population is £40.53 compared to the combined fire average of £42.08. It spends below average on fire fighting, rescue operations and community safety whilst maintaining high performance in all areas (45% of PIs in upper quartile and 76% improved year on year).</p> <p>The service continues to keep within its budget and has restricted the level of council tax increase to 3.9 per cent in 2008/09 and has maintained a longer-term strategy of keeping the three-year average of council tax increases below the level of state pension increases. This has been achieved through financial prudence, innovation, and extensive partnership working. Comparative information is regularly used to benchmark these areas of spend. A service wide approach to whole life costing of assets and services has been implemented and continues to develop. In 2008/09 uniform and vehicle replacement programmes have been subject to whole life costing reviews. This approach has proved useful in identifying efficiencies and is being applied to energy and transport reviews in 2009/10.</p> <p>Cost and performance information is used in the financial and service planning process to make decisions about policies and service provisions and to identify efficiency savings in the annual update of the IRMP. The impact of modernisation is apparent through a significant shift in resources to community safety activities. The costs and benefits of planned changes and improvements are clearly set out and monitored, evaluating the impact of changes on performance.</p> <p>The service can demonstrate continued performance improvements against strategic priorities. All new investments, both capital and revenue, are subject to an investment appraisal process. In planning efficiency savings and service developments performance information, risk analyses and comparisons with other fire services are considered and monitored. For example exceeding targets for annual cashable and non-cashable savings. Savings have been achieved through a wide range of initiatives such as revising shift systems and crewing arrangements and changing management structures.</p> <p>Sensitivity analysis is used for medium term planning to ensure services are sustainable, for example, increasing reserves to reflect emerging economic risks in the budget. To support and continue pursuit of value for money the service commissioned its own "value for money" statistical review from CIPFA and continues to undertake best value reviews to ensure it is maximising the use of resources. In 2008 reviews were undertaken of mobile working and transport usage.</p> <p>There is an excellent record in making efficiencies and reducing costs of services, such as the reduction in insurance premiums through negotiating 40% better insurance covers from Zurich, saving £100,000. HFRA are currently consulting on flexible crewing which has the potential to achieve efficiency savings upwards of £2M. Efficiency targets for 2008/09 were met through closing a station and upgrading 3 stations from day crewing to whole time, thus improving service without extra cost. Members receive good levels of financial and performance information.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.3 (financial reporting)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>Budget monitoring and forecasting information is reliable, relevant, and understandable. It is produced regularly and on a timely basis throughout the year and leads to prompt action to address any variances. Virement between budgets is used to deal with any projected over-spends and to ensure funding for existing and emergent high priority initiatives and activities.</p> <p>There are regular reviews of key partnerships through the partnership framework and register and a partnership evaluation toolkit has been developed to analyse and evaluate the benefits of partnership working including costs and financial performance. Partnerships evaluated in 2008/09 included: The Hampshire Arson Task Force (ATF); the Ministry Of Defence Fire and Rescue Service and participation in the Safer Roads Partnership. All were considered for benefits of the financial input and all found to have contributed to improved performance.</p> <p>Financial monitoring and reporting during the year is relevant, understandable and accruals based, ensuring a clear link between the budget, in-year forecasts, and the actual year-end position. In-year monitoring utilises traffic light codes to focus attention on key issues. The accounts were presented to the Authority on 25 June 2009 and were available for audit with full working papers on 6 July 2009. A sensitivity analysis of the Medium Term Financial Plan has been completed to identify likely risks and options to mitigate them, especially in relation to the current volatile economic climate.</p> <p>Budget managers receive appropriate levels of financial training through their Personal Development Plans. Training plans and staff surveys have indicated they are confident they are equipped to manage and control performance and spending. In 2009 HFRA have implemented traffic light variance controls to monitoring reports to focus members' attention on critical areas and link the financial performance to non-financial information. Group and station plans include efficiency targets which has given ownership of savings plans to stations and delivered in excess of plans. Budget monitoring reports include financial and non-financial information in a written commentary.</p> <p>The 2008/09 budget was achieved in line with expectations with a small additional underspend of £114K whilst continuing to deliver improvements in service standards. Accounts comply with statutory requirements, timetables, relevant accounting, and reporting standards. Only presentational issues have been reported in our Annual Governance Reports to improve clarity.</p> <p>The FRA utilises its website as a key method of communicating performance to stakeholders. The most recent published accounts and Annual Audit Letter are available to the public on the website. Policies and protocols are in place to meet duties under the equalities legislation and the FRA has undertaken an Equalities Impact Assessment (EIA) of its website development so it knows communities needs for accessing information and has responded to these in external reporting.</p> <p>As a result in 2008/09 the FRA are publishing an annual report and accounts linking together the information previously provided via the IRMP, Activity reports and Accounts. There are arrangements in place for translation services and work is underway to have standard text available in the most favoured languages about accessibility.</p>	

Appendix 1 – Use of resources key findings and conclusions

All core policy documents are available in Braille, large print, audio versions and other languages on request. The IRMP has received Crystal mark accreditation and includes comprehensive reporting on environmental, social, and economic issues and on the FRA's impact on the environment.

Hampshire is currently the only FRA to monitor and report regularly on its carbon footprint and supports the Police in measuring and reporting environmental issues. A summary of the accounts is published to be more accessible to the general public. The 2009/10 Council Tax leaflet gives assessment of achievements and finances for 2008/09 and was distributed to all households.

Governing the business

<p>Theme score 3</p>	
<p>Key findings and conclusions</p>	
<p>The Fire Authority has a clear vision to manage its resources in a cost-effective way and to evaluate its activities and new initiatives to ensure that investment is worthwhile. It has established community outreach teams and local advocates to ensure effective communication with all parts of the community, especially hard to reach groups. National recognition has been received for work in reaching and engaging with the Black and Minority Ethnic Community.</p> <p>Development of the Rural Safety Team has continued 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. The Authority works closely with community safety partners to provide the most effective and tailored services to their communities.</p> <p>The Authority recognises that member involvement can be enhanced through a good understanding of current and emerging issues, as well as knowledge of the Service’s day-to-day procedures, initiatives, activities, vehicles and equipment. This is achieved through regular member ‘briefing and awareness sessions’, the Chief Officer’s regular ‘Members’ Bulletin’, and the new style ‘Activity Report’</p> <p>A successful partnership with the Ambulance Service has assisted the FRA with recruitment, and development of retained staff whilst significantly improving local ambulance response times. As a result, it is anticipated that the Authority will receive a financial reward in excess of £300,000 for the Hampshire local Strategic Partnership. Further, agreement has been reached for the 14 co-responder schemes to be fully funded by the South Central Ambulance Service NHS Trust.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.1 (commissioning and procurement)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>There is a clear vision to manage the Fire Authority's resources in a cost-effective way and to evaluate its activities and new initiatives. Extensive use is made of partnership working to secure added value for money and improve service delivery. The Fire Authority undertakes an annual strategic needs assessment to look at future as well as current procurement needs to promote value for money. It uses its own activities as well as partner information to focus its activities best to community need.</p> <p>It has established community outreach teams and local advocates to ensure effective communication with all parts of the community, especially hard to reach groups. 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 Fire has received national recognition for its work in reaching and engaging with the Black and Minority Ethnic Community.</p> <p>It has also 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.</p> <p>The procurement strategy is published on the website. There is a clear intention to promote and use local suppliers - as with the catering contract. The Authority continues to work to obtain best value through planned, responsive, professional, well managed, and sustainable procurement. There is specific guidance on the website for potential new suppliers on the procurement process.</p> <p>The service has worked with members and partners, such as the County Council to develop a good understanding of the current economic environment and the needs of the community. For example, it has developed an innovative and cost-effective partnership with South Central Ambulance Trust to provide 14 co-responder schemes at nil cost to HFRS, but meeting partner and local needs. Last year it answered over 4000 emergency calls.</p> <p>It has also established a highly successful Arson Task Force with Hampshire Constabulary which has resulted in deliberate arson reducing dramatically and the Fire Authority being in the top quartile for its performance. 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 Council buildings. Almost 30 systems have been installed in care homes with further plans to improve the protection of heritage properties within Hampshire.</p> <p>Collaboration with the Defence Fire & Rescue Service is delivering good results. A formal partnership with the Ministry of Defence Fire and Rescue Service has provided fire-engineering advice to enhance the protection of high strategic value military assets.</p> <p>Best value reviews of 'environmental management' and 'support services' Service Level Agreements were carried out in 2008 and action plans are in place to enhance the value for money of these areas. Basic targets have been established and are monitored for energy consumption, especially through the Beacon Station initiatives.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.2 (data quality and use of information)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The Authority understands that accurate data quality is essential to effective service delivery both for itself and with its partners. It is well focused on building community intelligence and has established better arrangements to support more effective data sharing. The Service has relevant and reliable data quality arrangements in place. New software, an internal audit of data quality, additional quality checks of FRS1 forms completed after an incident, additional staff training and better data security arrangements are all helping to improve information management.</p> <p>There is a signed Memorandum of Understanding with all LAA partners; and a key part of this refers to a commitment to accurate and reliable data. Members receive good and appropriate levels of financial and performance information and provide a good level of scrutiny and evaluation. They understand the objectives of the service and the context of the wider environment in which they work.</p> <p>The Authority has been prepared to make difficult decisions around station closures and this has delivered efficiencies with no deterioration in service delivery.</p> <p>Well-established and sophisticated risk management processes specifically consider national and local risks to the quality of data. Action to mitigate risks in 2008/09 includes strengthening the Risk Intelligence Unit and training for staff on data definitions. There are robust data security arrangements in place. ISO27001 accreditation has been achieved and Hampshire and is only the second fire service in the country to achieve this.</p> <p>The Authority manages and monitors its performance well. Group and departmental medium term plans have clear objectives which align to the corporate plan. Staff development systems are well integrated within the culture of the organisation and this helps maintain the continuous performance improvement that has been demonstrated over recent years. Objectives are monitored quarterly to ensure that targets are still relevant and that progress is being made. Investment has been made in performance systems that increase the knowledge and understanding of the risks within local communities and the service 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.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.3 (good governance)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The Authority has established and embedded the basic expected controls and procedures for maintaining good corporate governance. Other evidence to support a performing well assessment includes establishing a scrutiny function although there is no statutory requirement to do so at fire authorities. Members and senior officers receive a thorough induction tailored to their roles and there is a full range of development opportunities for members and the corporate management team. There is commitment to increasing the engagement of all members and it was the first Authority in the Regional Management Board to sign up to the South East Charter for Elected Member Development.</p> <p>A joint (cross-party) member/officer Corporate Management Team (CMT) has been established with feedback from members that this provides an excellent informal sounding board for discussing new proposals and potentially difficult issues. Any member of the Authority is welcome to attend meetings of CMT. There is recognition that member involvement can be enhanced through a good understanding of current and emerging issues, as well as knowledge of the Service's day-to-day procedures, initiatives, activities, vehicles and equipment. This is achieved through regular member 'briefing and awareness sessions', the Chief Officer's regular 'Members' Bulletin', and the new style 'Activity Report'.</p> <p>Specific training for members on key committees is also provided through committee training sessions on relevant issues. A good example being training on new national indicators provided to the February 2009 Performance Review Committee.</p> <p>The strategic vision is based on a robust assessment of need through strong engagement with community outreach teams and local advocates to ensure effective communication with all parts of the community, especially hard to reach groups. A good example being in Rushmoor borough where the service is working in conjunction with the Ghurkha Association to specifically to target the local Nepalese community.</p> <p>Additional community focus is promoted through Fire Station Open Days as excellent opportunities to promote fire safety awareness and gather feedback. The continuing improvement in performance standards and public satisfaction and the feedback from the business community and focus groups as part of the budget consultation for 2009/10 are evidence that this translates into the delivery of priorities for local communities.</p> <p>The standards committee could be further developed to be more proactive in work to ensure that all members and staff understand the importance and impact of the ethical agenda. However, no formal complaints have been received.</p> <p>There is a comprehensive partnership framework in place. Partnership evaluations are shared and discussed with partners. A detailed partnership evaluation of the co-responder scheme with South Central Ambulance Service was presented in Feb 2009 and noted arrangements had assisted the service with recruitment, and development of retained staff and contributed significantly to the Ambulance Trust achievement of its response times.</p>	

<p>KLOE 2.4 (risk management and internal control)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>There is a well-established, sophisticated risk management process that considers both national and local issues in risk management for its communities. The IRMP details the actions for achieving service modernisation and all risks are included in the Improvement Register, with actions recorded and regularly updated and reviewed.</p> <p>There is an annual analysis of environmental, geographical, and social risks which feeds into the Strategic Risk Register and which also includes outcomes and recommendations from internal and external reviews. For example, the service is now taking into account the effect of its activities on the environment. It is now focused on reducing carbon emissions especially through reducing fires, so that by 2012 it will reduce the effect fires and other incidents have on environment by 10% (from 2008) and reduce its own carbon footprint by 20% (from 2006). Recycling facilities and a cycle scheme for staff have also been introduced.</p> <p>Risk registers are regularly reviewed and updated and these assign named individuals to lead on mitigating each risk. Risk management processes consider risks relating to significant partnerships and require officers to obtain assurances about the management of those risks. Partnership risks are integrated into organisational risk management and there is a comprehensive partnership policy and evaluation toolkit covering both risk management and governance arrangements.</p> <p>There is effective liaison, operational working arrangements and sharing of intelligence with relevant partnership organisations, for example working with Rushmoor to access Ghurkha families and Arson work with the Police. Best practice at other FRAs has been proactively sought out to learn from and improve internal processes. In 2009 Kent FRA has been visited and lessons identified have been taken to revised risk management strategy approved in September 2008.</p> <p>There is a formally adopted a code of conduct for members and staff. Registers of interests and hospitality are in place and regularly reviewed. Standards committee's membership and functions are in accordance with the requirements of the Local Government Act 2000.</p> <p>There is a counter fraud and corruption policy applying to all aspects of the organisation's business which has been communicated throughout the organisation. Service Order SO/2/1 Anti theft, fraud and corruption policy applies to all aspects of the authorities business and all staff are bound by its contents. This is also available on the website as is the whistleblowing policy but both could be given higher profile externally.</p> <p>Internal and external audit work has identified no material systems weaknesses and no significant accounts errors arising from control failures in either 2007/08 or 2008/09. The Governance Committee and Performance Review Committees between them perform an effective scrutiny and challenge function.</p> <p>The Governance Committee approves the Annual Governance Statement (AGS) in conjunction with consideration of the annual internal audit report and we judged the 2008/09 AGS to be consistent with our audit knowledge and findings. Procedure notes in the form of service orders are available for all material business critical systems.</p>	

Appendix 1 – Use of resources key findings and conclusions

Legal monitoring and advisory services are obtained from Hampshire County Council under Service Level Agreements. The Governance Committee is effectively monitoring progress against any actions to address significant internal control concerns and also acts as "those charged with governance" for the purpose of review and approval of the annual financial statement of accounts. This includes considering the going concern assumption, the annual governance statement, and the letter of representation to the auditor. In 2009 HFRA has, in response to previous recommendations, started to gather assurance, based on risk to the delivery of key objectives, of the viability of its significant contractors' and partners' business continuity plans.

Managing resources

Theme score 3	
Key findings and conclusions	
<p>The Authority’s approach to workforce development and planning is strong with a clear understanding of 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. A comprehensive Workforce Strategy to support current and future service delivery. The Workforce Strategy 2009-2012 integrates training, recruitment and people management in a cradle to grave approach. It concentrates on outcomes rather than outputs and makes clear links between the people development plan and the IRMP.</p> <p>Staff are well engaged in service development and organisational change. There is high-level commitment to improving equality and diversity both in the workplace and in the community. A dedicated team has been formed to identify both strategic and practical actions that can be taken to improve. This enabled achievement of level 3 of the Equality Standards for Local Government in December 2008. There is a developed network of advisors from vulnerable groups to help identify issues within the communities served.</p>	
KLOE 3.1 (use of natural resources) Score VFM criterion met	N/App N/App
Not assessed under the UoR framework for fire authorities for 2008/09	
KLOE 3.2 (strategic asset management) Score VFM criterion met	N/App N/App
Not assessed under the UoR framework for fire authorities for 2008/09	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 3.3 (workforce planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The 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. Workforce plans actively look to identify the talents of individuals across the service and match them with roles that utilise those skills and overall make the best use of the workforce to deliver strategic priorities. This work is underpinned by the maintenance of high professional standards in ways of working. There is a positive approach to the occupational health and wellbeing of the workforce. This approach has contributed to a fitter, healthier workforce with sickness levels falling and which, at 6.63 days, are lower than the national average of 7.68 days.</p> <p>There has been use of e-recruitment as well as targeted recruitment for under-represented groups such as female BME fire fighters. There is a comprehensive Workforce Strategy in place developed to support both current and future service delivery. This strategy includes ensuring that the organisation has the right staff, the right skills, and opportunities to provide appropriate service delivery to meet changing local demands. The "Workforce Strategy 2009-2012" integrates training, recruitment and people management in a cradle to grave approach. It concentrates on outcomes and makes clear links between the people development plan and the IRMP.</p> <p>Outcomes from this strategy to date include:</p> <ul style="list-style-type: none"> • identifying future leaders, • the Beacon station programme, • the workforce wellbeing strategy, and • enhancing the total rewards package to improve recruitment. <p>These actions have supported the overall achievement of service aims and improved service performance. Staff profiles have also been developed to support and manage succession planning. Staff surveys are regularly undertaken and feedback from them included in service development.</p> <p>Staff have been closely consulted on changes and revised organisation and management structures have been successfully introduced to integrate protection, prevention, and response functions within service delivery. Successful staff involvement has enabled the service to make 9.4% efficiency savings over the last 3 years from changing shift and crewing patterns.</p> <p>In addition new working patterns include job sharing at group and station manager levels. A personnel reserve (identifying surplus capacity across stations to meet shortages of cover at other stations) is recognised as innovation and has led to efficiency gains of £325,000 in 2008. In addition there has been piloted flexible crewing at 3 stations, addressing operational need, rather than based on historical resourcing.</p>	

Appendix 1 – Use of resources key findings and conclusions

Other initiatives such as the "Bright Sparks" suggestion scheme and twice-yearly managers conferences have proactively helped to engage staff in service thinking. The co-responder scheme demonstrates effective partnership working and a mature relationship between the Fire Brigades Union (FBU) and service management. There is high level and operational level commitment to improving equality and diversity both in the workplace and in the community. A dedicated team formed to identify strategic and practical actions has enabled level 3 of the Equality Standards for Local Government to be achieved in December 2008.

A network of advisors from vulnerable groups has been developed to help the communities it serves. Work with Hampshire Police is ongoing to develop support networks for staff from minority groups. Equality and diversity has been mainstreamed within the IRMP so that the whole organisation understands roles and responsibilities for this important agenda.

Equality and diversity is now more integrated with the way training is delivered. However, the Authority recognises that this is an ongoing agenda and that there is more to do to secure measurable change in areas such as recruitment of female and BME fire fighters. Specific action plans have been developed and included in improvement registers to further progress this.

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