

# Annual Audit and Inspection Letter

**East Sussex Fire and Rescue Authority**

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

### **Status of our reports**

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

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

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

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

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

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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## Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Authority, drawing on the findings and conclusions from the audit of the Authority. The letter includes our review of how well the Authority has progressed (our Direction of Travel report), a service assessment and the auditor's assessment of how well the Authority has managed its finances (the Use of Resources scores).
- 2 The report is addressed to the Authority, in particular it has been written for members of the Authority, but is available as a public document for stakeholders, including members of the community served by the Authority.
- 3 The main messages for the Authority included in this report are:
  - the Authority continues to make good progress against its corporate priorities and improvement plans;
  - the Operational Assessment of Service Delivery that took place in October 2006 concluded that the Authority is performing well; and
  - the Authority continues to manage its resources well and has made arrangements to secure economy, efficiency and value for money.

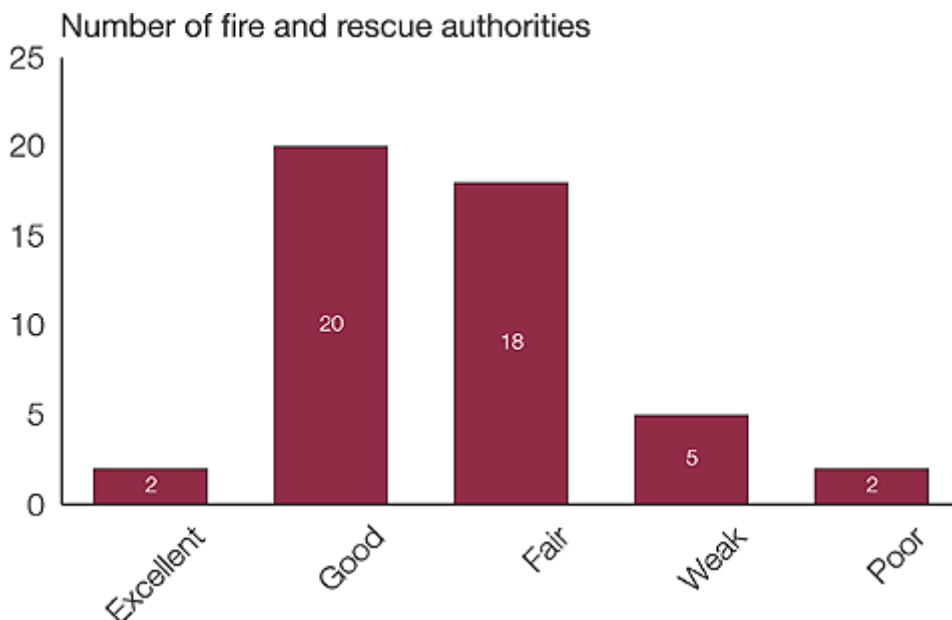
## Action needed by the Authority

- 4 We have identified the following action.
  - Whilst the move towards partnership working is to be commended, the Authority needs to establish a formal means of evaluating the impact of partnerships in order to be certain that results are as expected.
  - Members should maintain their ongoing review of progress against the improvement priorities and take action as necessary to ensure they are achieved.
  - There is an ongoing need to exercise strong financial management as there are some uncertainties as to future costs of completing the modernisation agenda.
  - Members should be aware of the limitations imposed on the Authority by a lack of corporate capacity and continue to identify innovative ways to address this.

## How is East Sussex Fire Authority performing?

- 5 The Authority was assessed as 'fair' in the Fire and Rescue Comprehensive Performance Assessment (CPA) carried out in 2005. This assessment looked at the Authority's corporate management arrangements, its achievements, approach to community fire safety and how it planned to respond to incidents through its Integrated Risk Management Plan (IRMP). It did not consider tactical management of emergency response. The following chart shows the latest position across all Authorities.

**Figure 1 Overall performance of authorities in CPA**



## The improvement since last year - our Direction of Travel report

- 6 The Direction of Travel report was published in May 2007 and is reproduced below.

*'East Sussex Fire and Rescue Service is improving well.'*

*'It has delivered positive outcomes against its key priorities. For example, 50, 24 and 15 per cent reductions respectively in arson incidents, dwelling fires where no smoke alarms were fitted and attending false automatic fire detection alarms. Deaths by accidental dwelling fires fell by 50 per cent and injuries by 58 per cent. Operationally, the service is performing well.'*

## 6 Annual Audit and Inspection Letter | How is East Sussex Fire Authority performing?

*'Performance management is good with 73 per cent of indicators improving.—\_Previous poor performance areas such as shifts lost to sickness are being addressed to meet defined improvement targets. Corporate capacity has been strengthened.—\_Some partnerships are working well, particularly in community fire safety, but it needs to ensure that all partnerships remain effective. Its work is focused on seeking to ensure its workforce is representative of the diverse community it serves.—\_Value for money is being achieved but an evidenced based approach is required to achieve further effectiveness improvements. Other challenges include the further development of its workforce, the introduction of an enhanced system of delegated financial management and continuing to implement the national modernisation agenda.'*

- 7 Good outcomes linked to priorities can be demonstrated in a number of areas for 2005/06. For example, 50, 24 and 15 per cent reductions respectively in arson incidents, dwelling fires where no smoke alarms were fitted and attending false automatic fire detection alarms. Deaths by accidental dwelling fires fell by 50 per cent and injuries by 58 per cent. Additionally, a 78 per cent reduction in the number of unnecessary turnouts was achieved.
- 8 Performance indicators show good progress in 2005/06. All indicators showed some improvement except accidental fires contained to the room of origin although the Authority remains a high performer. In 2005/06 out of the 38 indicators, 9 showed that the Authority was a high performer with two where it was significantly below others.
- 9 The Authority met 67 per cent of its Best Value Performance Indicator targets in 2005/06 but some significant ones were missed including:
  - shifts lost due to sickness;
  - staff employed from black and minority ethnic communities (BME); and
  - number of women firefighters.

With regard to the latter two it was noted that the positive action recruitment campaigns resulted in increased interest by women and those from BME communities.

- 10 Improving community cohesion and working with local partners to achieve joint targets is a priority. The Authority's resources are being targeted to very elderly residents, who are the most vulnerable in East Sussex, by the creation of a dedicated home safety adviser team. Additionally, the Authority is committed to working with members of the community who are 'harder to reach' through the LIFE course, juvenile fire setters advisers scheme, arson reduction team, school education programme, home safety visits, and safe drive stay alive initiatives. Positive outcomes can be demonstrated including:
  - only two young people from the LIFE course have subsequently re-appeared in the arrest/charge statistics from the 14 who attended; and

- a reduction of near to 50 per cent in arson incidents has been achieved in the last 18 months.
- 11 The Authority is a significant party in the East Sussex local area agreement and it leads on a number of initiatives in the Children and Young People and the Safer, Stronger Communities blocks. These blocks have a focus in areas such as increasing home safety, reducing the impact of fly tipping and abandoned vehicles.
  - 12 The IRMP identifies the Authority's key objectives and those priorities are driven by national priorities. The Authority continues to respond to the national priority of moving resources from reactive to preventative services with 10 per cent of the budget allocated to prevention work in 2005/06. Additionally, it has a defined process for identifying priorities and once agreed these are linked to full business case appraisals and project plans with timetables for actions to be taken.
  - 13 Good progress has been made in response to the CPA action plan including:
    - equality impact assessments are now being submitted as part of the development of all strategies, corporate projects and business cases;
    - skills gaps at the corporate centre are being filled;
    - an asset management plan is in place;
    - partnerships have been mapped and work has started on evaluating their effectiveness;
    - performance targets have been included in individual's appraisals; and
    - member engagement has improved through the creation of a scrutiny and audit panel coupled with evidence that members are challenging performance, such as the increase in calls due to automatic fire alarms.
  - 14 Some improvements identified by CPA have yet to be implemented. For example,
    - the IRMP action plan is not fully costed, although planned actions are considered as part of the annual budget management process; and
    - a systematic arrangement is not yet in place to monitor the effectiveness of all partnerships.
  - 15 The Authority's approach to managing and improving value for money needs more development. For example, there is not a systematic process to identify and evidence all efficiency savings. A culture of achievement and improvement of value for money is becoming embedded but processes to enable senior managers to regularly review comparative costs and performance are required.
  - 16 Performance management processes are well established at a corporate level. This is being extended through the introduction of the borough command structure in 2007/08 which will include delegated financial management and should increase the Authority's management capacity.

## 8 Annual Audit and Inspection Letter | How is East Sussex Fire Authority performing?

- 17 Procurement processes have been improved which is linked to the implementation of a new financial management system but further enhancements to the system are required to achieve full efficiencies from all procurement activity.
- 18 In 2006/07 the Authority has redirected resources equivalent to 7 per cent of its budget to build management capacity in areas for improvement identified by CPA. These resources seek to:
  - improve project management;
  - meet shortfalls in organisational capacity, such as the recruitment of a project coordinator and, jointly with Surrey Fire and Rescue Service, an equality and diversity learning and development coordinator and an equality and fairness adviser; and
  - strengthen scrutiny processes in order to achieve improved performance.
- 19 The Authority has a medium-term financial plan which ensures that financial resources are sufficient to meet its operational and corporate needs. The plan is now well-established and is effective. Officers have stated that the capital programme would have been fully delivered in 2006/07 but for the major incident at Marlie Farm in late 2006/07. This would have been an improvement on previous years when the programme slipped due to capacity issues.
- 20 There is good engagement with the Regional Management Board. However, the Authority acknowledges that more can be done to maximise benefits including the achievement of further efficiency savings.

## Service assessment

- 21 The Commission has undertaken a fire and rescue service assessment of the Authority. The assessment focused on service delivery and looked at the effectiveness of the service as experienced by recipients of the service. The assessment was constructed from two elements:
  - the performance information element (an analysis of outcome focused best value performance indicators selected from those nationally available to assess the outcomes of the services delivered by the Authority); and
  - the operational assessment of service delivery element which was provided by the Department for Communities and Local Government (DCLG), which reviewed the Authority's planning and delivery of emergency response.
- 22 The service assessment is scored on the following basis.
  - Inadequate performance – below minimum requirements.
  - Adequate performance – only at minimum requirements.
  - Performing well – consistently above minimum requirements.
  - Performing strongly – well above minimum requirements.

23 The assessments for Authority are shown in Figure 2 below.

**Figure 2 Fire and rescue service assessment**

<b>Element</b>	<b>Assessment</b>
Performance information	3 out of 4
Operational assessment of service delivery	3 out of 4
<b>Overall fire and rescue service assessment</b>	<b>3 - Performing well</b>

24 The following text to support the operational assessment was provided by DCLG.

*'East Sussex Fire and Rescue Service is performing well in all areas of service delivery from risk analysis to its emergency response services. The Service has a clear focus on operational service delivery, and provides a wide range of intervention services including offshore maritime firefighting. The Service works with partners to deliver an effective prevention service and has made strong links with crime and disorder reduction partnerships in order to reduce the number of fires in the area. The Service has a well developed approach to risk analysis, and this is supported by a comprehensive performance management system and good audit and review mechanisms. There are clear processes for monitoring and reviewing operational performance, with some areas for improvement. The Service has a good technical and human resource infrastructure to support the handling of emergency calls and incidents, and control staff are effectively engaged in the wider work of the Service.'*

## Financial management and value for money

- 25 As your appointed auditor, the results of our 2005/06 audit of the financial statements were reported separately to the Scrutiny and Audit Panel in September 2006. It included the findings from the work undertaken in forming our conclusion on the Authority's use of its resources under the Audit Commission's statutory Code of Audit Practice for Local Government. The report highlighted that:
- an unqualified opinion was given on your accounts; and
  - an unqualified conclusion was issued on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 26 The findings relating to use of resources are also an important component of the CPA framework described above. In particular the auditor scores the way the Authority uses its resources score over five elements which are the following.
- Financial reporting (including the preparation and quality of the accounts produced by the Authority and the way these are presented to the public).
  - Financial management (including how the Authority's financial management is integrated with its strategy to support the achievement of its priorities).
  - Financial standing (including the strength of the Authority's financial position).
  - Internal control (including how effectively the Authority maintains proper stewardship and control of its finances).
  - Value for money (including an assessment of how well the Authority balances the costs and quality of its services).
- 27 For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas shown in Table 1.

**Table 1**

<b>Use of resources element</b>	<b>Assessment</b>
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	2 out of 4
Value for money	3 out of 4
<b>Overall assessment of the Audit Commission</b>	<b>3 out of 4</b>

(Note: 1=lowest, 4=highest)

28 The key issues arising from the audit, as reflected in the above judgements, are as follows.

- The Authority has made good progress in its financial reporting arrangements submitting for audit improved working papers and financial statements that were free from material errors.
- The Authority continues to make progress towards robust and integrated planning and budgeting procedures. There is a clear intent to strengthen member involvement in setting and challenging budgets and in enabling budget holders to manage their budgets more effectively.
- The Authority has achieved its targeted level of reserves.
- Some internal control weaknesses were identified which the Authority is addressing.
- The Authority is delivering value for money but needs to further develop its arrangements further.

## Best Value Performance Plan

- 29 I am required to audit the Authority's plan in accordance with section 7 of the Local Government Act 1999 and the statutory Code of Audit Practice issued by the Audit Commission. I issued my report in December 2006 that confirmed that there were no matters to report to the Authority and that I had made no recommendations.

## Conclusion

- 30 This letter has been discussed and agreed with the Chief Fire Officer and Chief Executive. A copy of the letter will be presented at the Scrutiny and Audit Panel meeting on 20 June 2007.
- 31 The Authority has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the Authority's assistance and co-operation.

## Availability of this letter

- 32 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Authority's website.

Darren Wells  
District Auditor and Relationship Manager  
June 2007