

Annual Audit and Inspection Letter

March 2008



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East Sussex Fire Authority

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

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

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

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Key messages

- 1 The Authority has continued to make further progress against its corporate priorities and improvements plans and this is reflected in our assessment of its overall direction of travel which has been graded as improving well.
- 2 The Authority's main financial management arrangements have been assessed as being consistently above the expected minimum standards as has its approach to obtaining value for money from its resources.

Action needed by the Authority

- 3 Operational response performance should be a continued focus for improvement. Whilst performance indicators are good when assessed over the longer-term, they are not as good as in the previous year. Of four indicators measuring performance over the longer term, three show improvement, and the other remains the same.
- 4 Further work is still required to improve information management across the Authority in order to ensure that all managers have the information they need to do their jobs well.
- 5 The way the Authority manages its overall resources can be enhanced further to place its performance amongst the top performers nationally.

Purpose, responsibilities and scope

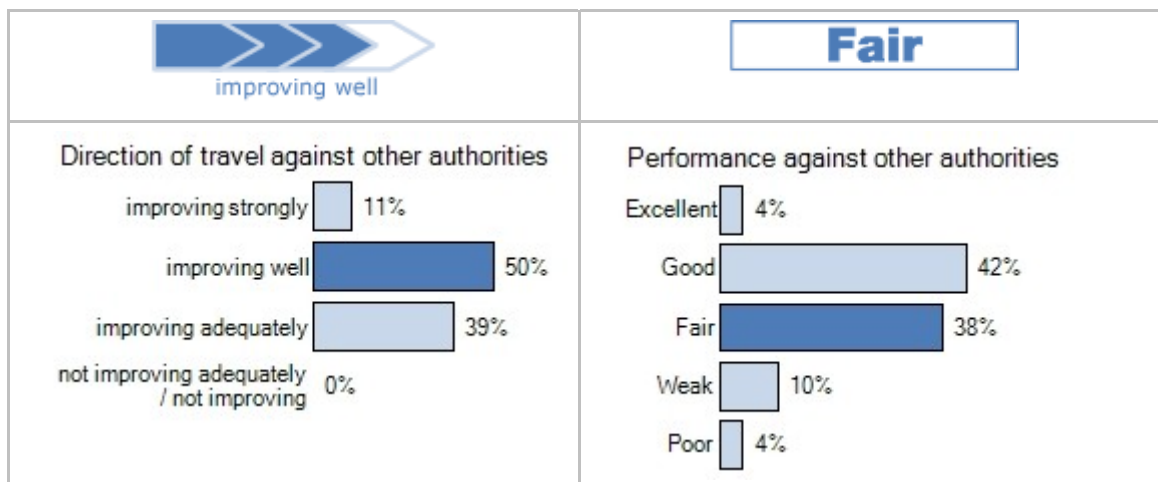
- 6 This report provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the most recent Comprehensive Performance Assessment (CPA) and Direction of Travel review and from the findings and conclusions from the audit of the Authority for 2006/07.
- 7 We have addressed 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.
- 8 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.
- 9 As your appointed auditor I am 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, I review and report 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 (BVPP) has been prepared and published in line with legislation and statutory guidance.
- 10 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.
- 11 We have listed the reports issued to the Authority relating to 2006/07 audit and inspection work at the end of this letter.

How is the Authority performing?

- 12 The Audit Commission’s overall judgement is that the Authority is improving well and clearly making progress since its comprehensive performance assessment (CPA) in 2005 when it was assessed as ‘fair’ (on a scale of excellent, good, fair, weak and poor). The CPA assessed authorities on their corporate management and achievements, community fire safety and how they planned to respond to incidents through their risk management processes. It did not consider tactical management of emergency response. The following chart shows the latest position across all authorities. We are now updating these assessments, through an updated corporate assessment, in authorities where there is evidence of change.

Figure 1 Overall performance of authorities in CPA

This is an authority that is **improving well** having demonstrated **Fair** overall performance in 2005.



Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 13 The Authority's direction of travel for 2007 is assessed as improving well (on a scale of improving strongly, improving well, improving adequately and not improving adequately or not improving). This is the same marking as in 2006.

- 14 The Authority's assessment which has been published by the Audit Commission is set out below.

It has delivered positive outcomes against its key priorities and performs well compared with others. In 2006/07, 62 per cent of national indicators improved on the previous year; 86 per cent of indicators have improved since 2003/04, making it the sixth most improved authority nationally. Seventy-nine per cent of indicators are above the national average. Overall customer satisfaction is above average at 64 per cent. The service works actively with partners to improve community cohesion and community safety and can show positive outcomes, for instance in reducing arson. It has a good approach to improvement planning and implementation. Plans are robust and performance management is good. It works well in partnership with others and is developing methods of monitoring the outcomes of partnership activity. The Authority is taking positive action to increase equality of access for users, and is improving the representativeness of its senior staff - though more work is required to deliver level 3 of the equality standard in 2008. The service has relatively high costs, though value for money is good and further improvements are planned.

- 15 The Authority is improving outcomes in all priority areas. Performance is above the national average. It is ranked at 17 of 48 of the most improved services nationally. Sixty-two per cent of indicators improved in 2006/07 and since 2003/04 86 per cent have improved making it the sixth most improved authority nationally over this period. Sixty-one per cent of indicators are in the top 50 per cent nationally and overall customer satisfaction is above average at 64 per cent.
- 16 Fire prevention performance indicators are improving. Of twelve indicators for which comparisons can be made, nine have improved in the last year.
- 17 The number of primary fires has fallen year on year in line with the targets set. The service has been successful in targeting arson, reducing deliberate fires by 25 per cent since the base year of 1999/2000 and by 17 per cent in the last year. The service has also reduced the volume of malicious calls it receives. Accidental dwelling fires have fallen and the service is on track to achieve the national target in 2010 although performance for 2006/07 puts the Authority in the lowest group nationally. Non-domestic fires continue to fall with 18 per cent reduction achieved in 2006/07. The service is meeting new targets for response to fires in domestic properties and has confined 93 per cent of fires to the room of origin.
- 18 Operational response performance indicators are good when assessed over the longer-term, but some are not as good as in the previous year. Of seven indicators for which comparisons can be made, four have declined. Of four indicators measuring performance over the longer term, three show improvement, and the other remains the same.

- 19 Performance in relation to corporate health performance indicators is strong and improving. Of nine indicators for which comparisons can be made, seven have improved in the last year. Over three years, seven out of eight indicators have improved. Sickness absence has improved from the worst performing group to the best between 2003/04 and 2006/07, as have retirements for ill health. The Authority remains at level 2 against the equality standard, but has improved the representation of women, people with disabilities and minority ethnic communities in senior roles.
- 20 The service works actively with partners to improve community cohesion and community safety, and it leads on the Local Area Agreement initiatives for children and young people and safer, stronger communities. The service can show positive outcomes from a variety of activities including fire prevention. It targets vulnerable communities with 15,775 smoke detectors fitted in homes in 2006/07. More than 300 school safety visits were undertaken in 2006/07 that educated over 15,000 school pupils in fire safety. The Authority is committed to working with members of the community who are classed as 'harder to reach' through initiatives such as the juvenile fire setters advisers' scheme and safe drive/stay alive initiative. Positive outcomes can be demonstrated including reduction in deliberate fires and specific benefits for those attending Local Intervention Fire Education (LIFE) courses.
- 21 Extensive work has been undertaken on partnership activity and to develop methods of measuring the outcomes achieved, particularly in community safety areas. A comprehensive review of partnerships has been undertaken and a methodology for ongoing evaluation has been established. This supports the achievement of value for money. Work has been undertaken in conjunction with Brighton University to evaluate the impact of partnership work, for instance of LIFE courses. Evaluation of the impact of fire safety visits is under way and this will set a pathway going forwards.
- 22 Key plans are robust and focused on delivering improvements. The Authority has a clear strategy and improvement priorities which are reviewed annually. The improvement plan from CPA is largely complete and action is targeted on those areas not yet achieved.
- 23 The performance management infrastructure is good and improving. The Authority believes that its performance management arrangements have improved. Performance monitoring is robust and the management team and scrutiny panel have good reports to enable them to do their work. Some further refinements are still possible to improve information management in order to ensure that all managers have the information they need to do their jobs well.
- 24 The Authority continues to invest to deliver its planned improvements. An officer has been appointed and is working to address the outstanding human resource management issues. The rank to role initiative will be fully completed by March 2008. Further work has been undertaken to improve learning and development, for example, a leadership development programme has been introduced.

- 25** The Authority continues to make progress in addressing equality and diversity. There are more women in senior positions and recent recruitment of firefighters has enabled more women to enter the service. Level 2 of the Equality Standard has been attained and there are plans to move to Level 3 by 2008. The plan is to use the established policies and to improve staff training and recruitment practice. A Diversity, Equalities and Fairness Officer has been appointed and there is a steering group to progress implementation.
- 26** Positive action is being taken to increase equality of access. Improvements are sought through implementing results of equality impact assessments undertaken, availability of documents in different languages and in large print. A risk based approach results in prevention activities being targeted at vulnerable groups.
- 27** The Authority's approach to managing and improving value for money needs more development. For example, the system for evidencing strategic financial savings could be extended further to 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. It is recognised that the Authority considers the overall geography and demography of East Sussex and the City of Brighton and Hove are major factors that constrain its ability to deliver achievement of value for money in the provision of its services. 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.

Fire and rescue service assessment

- 28** 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 Communities and Local Government (CLG), which reviewed the Authority's planning and delivery of emergency response.
- 29** The service assessment is scored on the following basis:
- 1 = inadequate performance – below minimum requirements;
 - 2 = adequate performance – only at minimum requirements;
 - 3 = performing well – consistently above minimum requirements; and
 - 4 = performing strongly – well above minimum requirements.
- 30** The fire and rescue service assessment for this Authority is shown in Table 1 overleaf.

Table 1 Fire and rescue service assessment

Element	Assessment
Performance information Operational assessment of service delivery (based on 2006 assessment)	3 out of 4 3 out of 4
Overall service assessment	3 out of 4

- 31 Performance information was classified as above, between or below two levels (thresholds) to make three performance groupings:
- above the upper threshold - comparatively high performance;
 - between the thresholds; and
 - below the lower threshold - comparatively low performance.
- 32 The number of PIs in each performance grouping determines the score for the performance information element and overall the Authority was scored as a 3 - performing well. There were six indicators above the upper threshold, three between the thresholds and one below the threshold.
- 33 The operational assessment related to fire prevention and emergency responses to fires, accidents, rescues, major incidents, terrorism and environmental threats and covers:
- risk analysis;
 - prevention and protection;
 - operational preparedness;
 - call management and incident support; and
 - emergency response.
- 34 The following text to support the operational assessment was provided by CLG.

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.

The audit of the accounts and value for money

- 35 As your appointed auditor I have reported separately to the Scrutiny and Audit Panel in September 2007 on the issues arising from our 2006/07 audit and have issued:
- an audit report on the financial statements which included an unqualified opinion on your accounts;
 - an opinion on whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the (value for money conclusion) and this stated that such arrangements were in place;
 - an Annual Governance Report to the Scrutiny and Audit Panel in September 2007 confirming there were no matters of significance to bring to members' attention; and
 - my report on the Best Value Performance Plan on 21 December 2007 which confirmed that the Plan has been audited and there were no matters for the Authority's attention.

Use of resources

- 36 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); and
 - value for money (including an assessment of how well the Authority balances the costs and quality of its services).

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

Table 2 Use of resources scores 2007

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

*(Note: The use of resources judgements are scored on the following scale:
 4 - well above minimum requirements - performing strongly;
 3 - consistently above minimum requirements - performing well;
 2 - at only minimum requirements - adequate performance; and
 1 - below minimum requirements / inadequate performance).*

- 38 The Authority is rated as performing well overall which reflects that the majority of its business processes and financial arrangements compare well with best practice. One area of notable practice was identified which related to the Authority's approach to meeting enhanced service expectations from its limited financial resources. This was by effective risk management of its finances and close scrutiny of its service investment programmes. We identified some improvement opportunities to build further on the achievements of the Authority to date. These include:
- implementing action plans to improve those performance indicators in the lowest category;
 - improving the achievement of value for money;
 - developing information management to allow all managers to have the information they need to do their jobs well; and
 - implementing its plans to achieve Level 3 of the Equality Standard by 2008.

Looking ahead

- 39 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements.
- 40 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with an enhanced annual direction of travel assessment and an annual use of resources assessment. 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.
- 41 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 42 This letter has been discussed and agreed with Chief Fire Officer and Chief Executive. A copy of the letter will be presented at the Scrutiny and Audit Panel in May 2008. Copies need to be provided to all Authority members.
- 43 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	May 2006
Annual governance report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Final accounts memorandum	October 2007
Annual audit and inspection letter	April 2008

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

Availability of this letter

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

Darren Wells
Relationship Manager

March 2008