

Annual Audit and Inspection Letter

Buckinghamshire and Milton Keynes Fire Authority

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

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.

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.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

© Audit Commission 2007

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

Contents

Our overall summary	4
Action needed by the Authority	4
How is Buckinghamshire and Milton Keynes Fire and Rescue Authority performing?	5
The improvement since last year – our Direction of Travel report	5
Service assessment	9
Financial management and value for money	11
Conclusion	16
Availability of this letter	16

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 Buckingham and Milton Keynes Fire and Rescue Authority is improving well. The Authority has made good progress in improving its key priority areas and in delivering wider community outcomes. The Authority is responding effectively to emergency incidents and is achieving better levels of service performance. The Operational Service Assessment rated it as performing well in all areas of service delivery.
- 4 It has shown strong performance in reducing fire deaths and deliberate fires and is addressing areas where performance needs to be improved such as primary fires, accidental fires and false alarms. The Service has already shown improvement since its operational assessment in reducing primary fires by 3.5 per cent. The Authority's overall costs compare well with others and are well managed.
- 5 There is now a robust process for reducing risk and managing performance and a good balance between prevention and protection. The Authority has built on previous successes in working with partners in the community and other fire authorities and has developed initiatives directly targeted at those groups most at risk and those causing criminal damage or displaying anti-social behaviour.
- 6 New positive leadership has enabled the Authority to develop good overall capacity to deliver its objectives and has ensured future plans are in place to further develop capacity and achieve planned improvements.

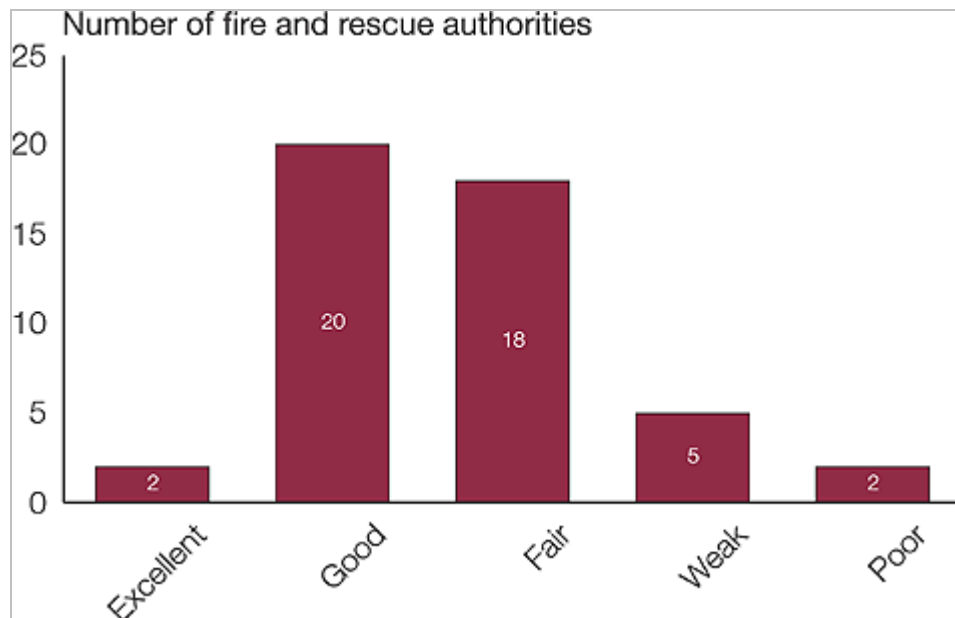
Action needed by the Authority

- 7 Key actions for the Authority include:
 - embedding the new partnership framework within the Authority and with partners to gain optimum benefits and sustainable value for money;
 - continuing to work in areas of weaker performance to ensure all outcomes and performance are cost effective; and
 - further development of financial and risk management procedures as identified in our Use of Resources judgements.

How is Buckinghamshire and Milton Keynes Fire and Rescue Authority performing?

- 8 Buckinghamshire and Milton Keynes Fire and Rescue Authority was assessed as Weak in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. It assessed authorities on their corporate management, their achievements, community fire safety and how they planned to respond to incidents through their Integrated Risk Management Plan (IRMP). It did not consider 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

Summary

- 9 Since the 2005 assessment referred to above we have been working with the Authority as it seeks to improve further and have assessed the Fire Authority as improving well.

6 Annual Audit and Inspection Letter | How is Buckinghamshire and Milton Keynes Fire and Rescue Authority performing?

- 10 The Authority has a clear vision which is: 'making you safer'. This is contained within the Integrated Risk Management Plan (IRMP) 2005/10. Since CPA the Authority has reviewed its strategic goals and prioritised its objectives. The Authority's priorities are:
- working in partnership with key agencies to promote awareness, and build responsible communities through education to reduce risk to life, property, our heritage and the environment;
 - having a healthy, flexible, diverse, skilled and motivated workforce;
 - reviewing and continuously improving performance; and
 - maintaining a continuing professional response to all operational emergencies.
- 11 The Authority's priorities are well integrated with the IRMP and Medium term Financial Plan. It has a good track record of improvement in its priority areas and is delivering good results for the community. The Government's recent Operational Assessment indicated that the Authority is performing well in all areas of service delivery from risk analysis, prevention and protection work through to its emergency response services. The Authority has made significant progress in improving its performance and risk management arrangements with staff working confidently towards achieving its key aims and objectives. It has robust plans for developing its ability to improve services and has the capacity to deliver them. Few weaknesses exist although there is more work to be done to ensure that plans focus on outcomes linked to service objectives and that risk/performance management and the new partnership framework is fully embedded within the organisation.

What evidence is there of the fire authority improving outcomes?

- 12 The Authority is maintaining a strong focus on delivering high quality service in line with its priorities. Examples of achievements against priorities include safety initiatives which have been successfully developed to promote prevention in the wider community. The Authority has been particularly successful in involving partners in these initiatives to maximise their delivery. For example, joint agency home fire safety checks (HFSCs) are currently being undertaken alongside the Authority's key partners. These single assessment home safety checks have been designed with other agencies operating in the Chiltern District, including the voluntary sector. They are being used as a national example of best practice and this work is currently the subject of a Beacon status application. The multi-agency, multi-faith Bletchley bonfire night scheme leading up to the 5 November 2005 and 2006 has led to a significant reduction in attendances to incidents (from 42 in 2004 to 14 in 2006). This scheme is funded by the Authority in partnership with a range of stakeholders. The Authority has improved its knowledge through risk profiling and has developed process mapping to assist in data quality checks. This allows for pinch points in data collection to be identified and quality monitored. The operational assessment considered this to be notable practice. This is enabling the Authority to target prevention activity at the most vulnerable sectors of the community and maintaining its good progress in prevention activity.

- 13 The Authority is responding effectively to emergency incidents and it is progressively reviewing its standards of response. Four categories of incident have been reviewed using the Fire Service Emergency Cover (FSEC) risk assessment toolkit to determine appropriate levels of response in line with the IRMP. Changes to the pre-determined attendance for animal rescues, localised flooding, automatic fire alarms and persons shut in lifts were implemented on a 12 month trial basis and reviewed in late 2006. The systematic approach taken to research the feasibility of establishing a co-responder scheme within Buckinghamshire and Milton Keynes has resulted in a memorandum of understanding to be signed with the Ambulance Trust to provide co-responder schemes at four stations and these locations were determined through analysis of ambulance statistics using the FSEC toolkit.
- 14 The Authority is achieving improved levels of service performance with six PIs in the top quartile and ten improving. Primary fires per 10,000 population is reducing by 3.5 per cent. Some performance indicators are not in the top quartiles, such as for accidental dwelling fires, and are recognised as areas which the Authority needs to focus and improve performance to improve value for money overall.
- 15 The Authority's arrangements for achieving and managing value for money are progressing well. Overall, costs compare well with others, being the sixth lowest in the country at £32.21 per head of population, and the policy is to keep increases to a sustainable level. The intention is to move resources from intervention to prevention ensuring that costs are well managed and improvements are realised. Effective partnership working and the use of external funding has increased capacity in community fire safety and support services. This is placing the Authority in a better position to help sustain improvement. The link between costs and service performance is strengthened annually through a robust prioritisation budgeting process. This is well linked to the MTFP and IRMP and increasingly with the capital strategy. The Authority has clear objectives to deliver value for money and there is an effective framework for monitoring and reviewing financial and service performance. As a result, costs and performance are better understood and appropriately challenged by managers and members.
- 16 The Authority is improving its approach to addressing issues of diversity, including revising the race equality scheme and other plans in line with the regional Diversity Strategy. During 2006 it undertook a best value review of recruitment and selection of under-represented groups. The Authority recognises that some aspects are still less well developed and have put action plans in place to address gaps in provision.
- 17 The Authority needs to continue to work in areas of weaker performance to ensure all outcomes and performance are cost effective. The plans need to focus on outcomes linked to service objectives and annual action plans should include SMART targets for the achievement of service objectives.

How much progress is being made to implement plans to sustain future improvement?

- 18** Service and business planning has been strengthened. The introduction of a formalised and structured annual 'corporate' planning process is linked to the IRMP which sets out the Authority's medium to long term objectives. The IRMP Action Plan sets out the detailed projects and activities to be pursued in the current year towards the achievement of the Authority's objectives. The Plan is underpinned by detailed SMART plans for each of the 23 Key Task Areas (KTA) in the IRMP, linking to the revenue and capital budgeting processes. Progress against the plan is reported on a quarterly basis using a common reporting template for each KTA.
- 19** Good progress is being maintained in implementing the requirement of the National Framework for fire and rescue authorities. Clear progress has been made in integrating the IRMP into business planning processes, moving from rank to role, introducing more flexible duty systems and staff development using the Integrated Personal Development System where the Authority has recently been described as 'considerably more advanced than the majority of non-metropolitan brigades in the UK'.
- 20** There is an effective and supportive approach to the Regional management Board and wider contact with other fire services. For example, there is effective collaboration work both across the South East region, nationally and with other authorities in a range of areas including Training and Emergency Response. The Authority contributed to the development of the national template for section 13/16 agreements for sharing resources with other authorities.
- 21** The Authority continues to develop the capacity to deliver its future plans. More flexible staff arrangements have been introduced and additional operational staff have been trained to deliver community fire safety initiatives. Capacity within the organisation has been enhanced through the recruitment of better qualified staff particularly in finance, and performance management. Capacity is enhanced further through effective absence management, and sickness levels are amongst the best nationally. A review and restructure of property and procurement functions is ensuring that they are both fit for purpose and securing more robust approaches to value for money. The Authority operates in line with the National Procurement Strategy, is part of the Thames Valley Procurement Forum and is achieving efficiency gains to achieve the annual efficiency statement.
- 22** Performance management continues to improve and there has been significant improvement since CPA. The Authority has established a Performance and Planning department which incorporates policy and planning, central intelligence, and communication and consultation functions. The performance management framework is being successfully implemented, including better reporting of financial and service performance information, and this has led to greater involvement of the workforce and an improvement in performance across a range of BVPIs and KTAs. Further work is needed to ensure that risk/performance management and the new partnership framework is fully embedded within the organisation.

Service assessment

- 23 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 outcome of the services delivered by the authority); and
 - the operational assessment of service delivery element (provided to the Commission by the Department of Communities and Local Government (DCLG))
- 24 The assessments for the Authority are provided in Table 2 below.

Figure 2 Fire and rescue service assessment

Element	Assessment
Performance indicator	1 out of 4
Operational assessment of service delivery	3 out of 4
Overall fire and rescue service assessment	2 – Adequate performance – only at minimum requirements

Audit Commission

- 25 DCLG's operational assessment of service delivery assessed the planning and delivery of emergency response. The following text is provided by DCLG as part of their assessment of the Authority. Further details of this assessment can be found in the CLG's website (www.communities.gov.uk)
- 26 Buckinghamshire Fire and Rescue Service is performing well in all areas of service delivery from its analysis of risk through to its emergency response services. There is positive new leadership within the Service. Key appointments have been made, and the Service is working hard to improve service delivery as part of their improvement planning process. Performance management and morale has significantly improved, and staff are working confidently towards achieving local aims and objectives for service delivery. The Service is performing particularly well in relation to planning, developing and maintaining operational competence in key areas including incident command, information handling and partnership working. The Service operates a range of effective community safety initiatives, and these are also designed to bring about greater community cohesion within the Authority's area.

10 Annual Audit and Inspection Letter | How is Buckinghamshire and Milton Keynes Fire and Rescue Authority performing?

- 27** Although the assessment of performance against key indicators identifies weaknesses in areas such as reducing primary fires, accidental fires in dwellings and false alarms, there has already been tangible movement in these areas since the operational assessment (with Primary Fires reducing by 3.5 per cent) and the Authority is continuing to focus community safety initiatives on these target areas to improve performance.

Financial management and value for money

- 28 As your appointed auditor I have reported separately to the Finance and General Purposes (F&GP) Committee on the issues arising from our 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - a conclusion on your vfm arrangements to say that these arrangements are adequate except for arrangements for managing performance against budgets; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited was sent to the Chief Fire Officer in December 2006.
- 29 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Authority and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support Authority priorities).
 - Financial standing (including the strength of the Authority's financial position).
 - Internal control (including how effectively the Authority maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Authority balances the costs and quality of its services).
- 30 For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	2 out of 4
Financial management	2 out of 4
Financial standing	2 out of 4
Internal control	2 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	2 out of 4

(Note: 1=lowest, 4=highest)

- 31 The key issues arising from this work are set out below. At the time of our review of the first four of these judgements (September 2006) the Authority had implemented a significant number of new and revised policies and procedures in these areas, meeting the criteria for level 2, but these were not sufficiently embedded and operational to satisfy the level 3 requirement.

Financial reporting

- 32 The 2005/06 accounts were received in accordance with required time scales, supported by reasonable working papers. Only a small number on non trivial items were identified during the audit and we were able to give an unqualified opinion in line with the deadline set out in the Accounts and Audit Regulations.
- 33 Accounts and electors rights are published, and the 2005/06 annual accounts and 2005 Annual Audit Letter were available on the Authority's website. Details of forthcoming meetings; agenda papers and minutes once approved are also available on the Authority's website.
- 34 In terms of improving further there needs to be an explanatory paper for Members highlighting key issues and appropriate evidence for robust member scrutiny/ review of the financial statements.

Financial management

- 35 The Authority has a three-year financial strategy and plan incorporating budget pressures arising from workload; response to legislative requirements; the results of the CPA in 2005; efficiency savings; and revenue costs arising from the capital programme. Prudential indicators are reported to the Authority; set in line with the budget setting process (including capital) and monitored by a six-monthly report to the F&GP Committee
- 36 The budget monitoring process has undergone significant overhaul (implemented June 2006) to make it much more inclusive for all budget holders. Financial training has been given to all cost centre managers in line with the new budget management processes. New reports have been made available to cost centre managers which are more user friendly and there is continuous improvement in the presentation of financial data. Further training and support has been given to finance staff and there is appropriate involvement of Members in the processes.
- 37 Budgets are approved by the Authority before the start of the year, and are monitored regularly throughout the year. A range of performance information is produced and used and the Authority has identified the integration of a number of work streams to further improve performance management through an enhanced devolved budget management process to ensure improved use of resources. Appropriate financial advice is available to Authority staff and Members.
- 38 The Scheme of Delegation to budget holders has been updated. The revised arrangements for involving budget holders included guidance about responsibilities, the budget process and timetable.

- 39 The Authority has a capital strategy plan which supports its IRMP. Following a detailed building survey in 2005, the 2006/07 to 2008/09 plans incorporate an allocation for planned building maintenance. This has been reported to Members and the capital budget is agreed as part of the overall medium term plan. In addition, longer term planning for demographic growth within the county has identified where future additional fire stations may need to be built. Capital projects are approved based on an appraisal system with set criteria following evaluation by F&GP Committee as part of the budget setting process.
- 40 A Property Board has been established specifically to discuss and monitor property issues. This has member representation. Also an officer has primary day to day responsibility for overall asset management issues.
- 41 To achieve level 3, in addition to embedding the level 2 criteria, the Authority needed to:
- more effectively link the medium-term financial strategy (MTFS) to other internal strategies/ plans as appropriate, such as human resources, IT, IRMP, BVPP;
 - integrate business planning with financial planning so that it drives the medium-term financial strategy, which in turn links to detailed budget decisions;
 - improve budget monitoring and management arrangements; and
 - base capital investment and disposal decisions on thorough option appraisal and whole life costing.

Financial standing

- 42 No significant overspends or material variances have occurred in recent years. The policy on reserves to maintain them as at least 5 per cent of net budget is being met. A high level plan is in place with projections for council tax precepts. A Treasury management strategy is in place.
- 43 To improve further the Authority needed to show that its reserves and balances policy is based on a thorough understanding of its needs and risks.

Internal control

- 44 A risk management policy is in place. There is a comprehensive corporate risk register which is updated regularly with appropriate senior management and Member involvement and oversight. There is a dedicated planning and risk officer who works with risk owners to advise them. Any risks that are material to the corporate level are fed into the Corporate Risk Register. Strategic Policy decisions are risk assessed, eg IRMP and budget setting.

- 45 The internal audit function is conducted under a service level agreement with Bucks CC. The F&GP Committee has responsibility to review the Statement of Internal Control (SIC). There is an annual review of the system of internal control with specific internal audits being conducted which focus on areas prioritised by risk analysis. The Overview and Performance Committee includes audit committee functions. Actions required to address issues in the 2006 SIC are clear and allocated to appropriate officers.
- 46 The code of conduct for members has been reviewed and approved by the Authority. There are guidance notes widely available which include: Anti-fraud and corruption; Whistle blowing; Complaints procedure; and Grievance procedure. The code of conduct for staff has been updated and cascaded to all staff. There is a register of interests, gifts and hospitality and staff have been made aware of their responsibilities through the management cascade process.
- 47 To achieve level 3, in addition to embedding the level 2 criteria, the Authority needed to:
- show that members and officers with specific responsibility for business risk management have received risk management awareness training;
 - ensure that the IRMP action plan is based on a thorough analysis of risk;
 - undertake a formal assessment of compliance with the Civil Contingencies Act and report to members with remedial action agreed to address residual risks;
 - undertake an assessment of standards of conduct, including how effectively members are complying with the code of conduct, the number and types of complaints received, and takes action as appropriate; and
 - show that a strong counter fraud culture is supported and promoted by members and senior officers, as evidenced by proactive counter fraud and corruption work, which is determined by a formal risk assessment and is adequately resourced.

Value for money

- 48 The balance between costs and performance is positive. There are numerous good examples of collaborative and partnership working to improve services for the community and achieve value for money overall. The Authority can clearly demonstrate that in line with their IRMP changes to resourcing levels and operational arrangements have led to improved service delivery as well as a more cost effective method of delivering some services. The Authority is self-aware of the areas needing more attention and refinement, primarily in embedding a culture of value for money at all levels and aspects of activity of the organisation and in ensuring that individual performance is robustly managed to secure community outcomes.

- 49 The Authority is able to target spending increases or additional resources to priority areas and has systems in place to monitor and evaluate outcomes. It has used its programme of BV Reviews to ensure where possible value is achieved from its organisation. Investment in risk mapping is effectively directing its community safety work and performance is monitored regularly.
- 50 Good practice has been used regarding the development of a partnership strategy and the Authority is working alongside the Improvement and Development Agency for this purpose. All existing partnerships have been mapped and planning meetings and focus groups have been organised as part of the consultation process.
- 51 Partnership Managers are proving effective in community safety. The range of initiatives being undertaken include the 'Safe Drive, Stay Alive' campaigns and the organisation of a good practice conference across 13 fire authorities enabling the sharing of good practice and networking.
- 52 The Authority has improved budgeting for the capital programme by ensuring projects are prioritised in line with corporate objectives and each project is appraised in accordance with set criteria. Revenue implications are considered at the same time. For example, the Authority has agreed a vehicle replacement programme based on standardisation of the fleet to minimise unplanned maintenance costs, enhance vehicle warranties and improve the flexibility of fleet deployment, early analysis indicates that the new appliances are comparable in cost with the old appliances and provide increased quality.
- 53 To improve further the Authority needs to:
- embed the new partnership framework within the organisation and with partners to gain optimum benefits and sustainable value for money;
 - continue to work in areas of below average performance to ensure all outcomes and performance are cost effective;
 - ensure that the Capital programme is fully integrated within budget management and closely linked to value for money and efficiency targets;
 - ensure that plans focus on outcomes linked to service objectives. Annual action plans should include SMART targets for the achievement of service objectives; and
 - review job descriptions to reflect the changes in the organisational structure and the shift from rank to role. Individuals and the Authority need clarity in what roles and responsibilities are to ensure the Authority is operating effectively.

Conclusion

- 54 This letter has been discussed and agreed with senior officers. A copy of the letter will be presented to a group of Members on 30 March 2007.
- 55 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

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

A P Burns

Relationship Manager