

Annual Audit and Inspection Letter

Buckinghamshire and Milton Keynes Fire Authority

Audit 2007-2008

March 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

1 The main messages for the Authority included in this report are:

- The Authority is providing better fire and rescue services; it is improving well.
- It has continued to make good progress in improving its key priority areas and in delivering wider community outcomes.
- It is responding effectively to emergency incidents and is achieving better levels of service performance.
- Overall costs compare well with other authorities and are well-managed.
- The Authority continues to build on its strong base of previous success in working with partners in the community and other fire authorities.
- The Authority continues to ensure that it is fit for purpose to meet both current priorities and future community needs.
- However it has few performance indicators in the top 25 per cent and some of its corporate health indicators such as sickness absence and equalities are not improving adequately.

Action needed by the Authority

2 Key actions for the Authority include:

- address areas of weaker performance, including operational performance as measured by the service assessment, sickness absence and diversity of the workforce;
- increase the number of performance indicators in the top 25 per cent;
- ensure that the service has the right structure to run the business and to meet future demands and community needs;
- ensure that the accounts are prepared in accordance with the forthcoming changes in the Statement of Recommended Practice; and
- continue to improve financial and risk management procedures.

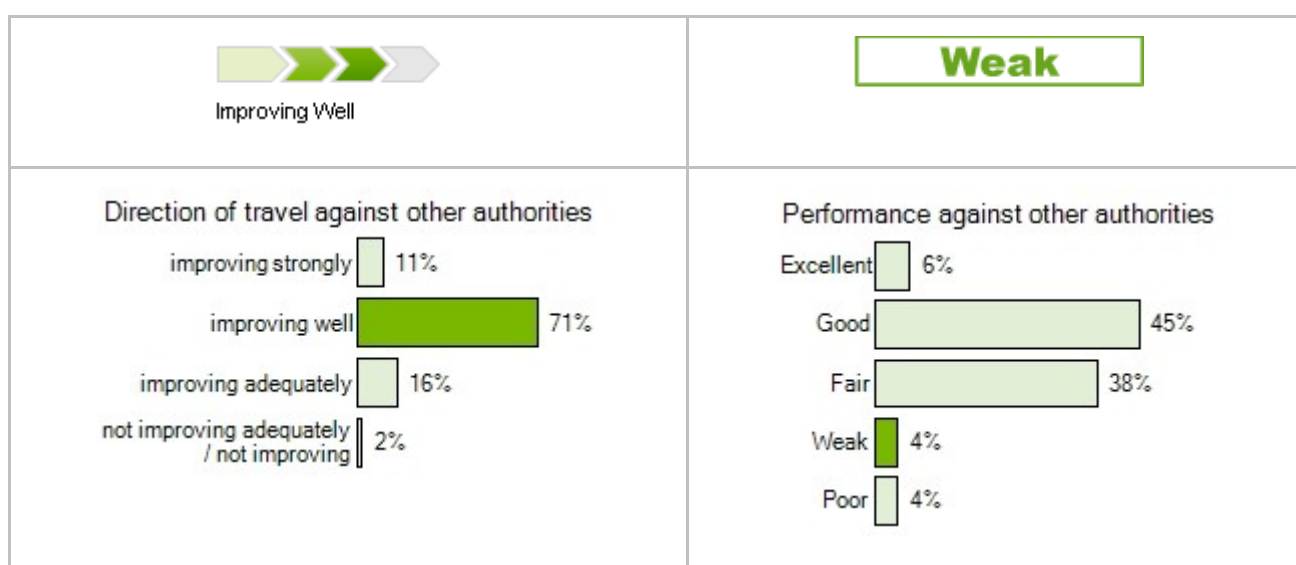
Purpose, responsibilities and scope

- 3 This report provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the most recent Comprehensive Performance Assessment (CPA) and Direction of Travel review and from the findings and conclusions from the audit of the Authority for 2007/08.
- 4 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.
- 5 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).
- 6 Your appointed auditor, Phil Sharman, is responsible for planning and carrying out an audit which meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, he reviews and reports on:
 - the Authority's accounts;
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Authority's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 7 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.
- 8 We have listed the reports issued to the Authority relating to 2007/08 audit and inspection work at the end of this letter.

How is the Authority performing?

9 The Audit Commission’s overall judgement is that Buckinghamshire & Milton Keynes Fire and Rescue Authority is improving well having been assessed as weak in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. The latter assessed authorities on their corporate management, their achievements, community fire safety, and how they planned to respond to incidents through their Integrated Risk Management Plan (IRMP). It did not consider tactical management of emergency response. The following chart shows the latest position across all authorities. In authorities where there is evidence of change we are now updating these assessments.

Figure 1 Overall performance of authorities in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

Summary

10 Buckinghamshire and Milton Keynes Fire Authority has improved its operational performance well over the last year. It is among the highest ranking improvers in the country and is reducing the number of injuries from accidental house fires. It makes a significant contribution towards wider community outcomes and focuses on people and areas vulnerable because of their circumstances. Value for money is improving. However it has only five per cent of its indicators in the best quartiles and over forty per cent of corporate health indicators have worsened. It has more to do to address the equalities and diversity agenda. The FRA has robust plans to improve its Integrated Risk Management Plan, annual action plans and Medium Term Financial Plan.

It is meeting most but not all of its improvement targets. Its performance management has improved. The FRA works with partners to improve its performance and outcomes for local people. Over the last two years it has improved its capacity to deliver improvement. However in the short and medium term, resource shortages will make continued improvement challenging.

Evidence that the fire and rescue authority is improving outcomes?

- 11 We have assessed that the FRA is improving well (on a scale from: not adequately, adequately, well, to strongly).
- 12 In 2005, a Comprehensive Performance Assessment (CPA) inspection assessed the Buckinghamshire and Milton Keynes Fire and Rescue Authority as weak. A pilot CPA in 2007 found the FRA had made good progress on fire modernisation and tackling major corporate weaknesses identified in the 2005 assessment. Since then it has delivered against local priorities, strengthened partnership working focusing on vulnerable people and achieved higher value for money.
- 13 In 2007/08 the FRA continued to build on its better performance in recent years and it had the sixth best rate of improvement of its fire prevention and operational response performance indicators (PIs) out of the 43 FRAs. Its result of 80 per cent improvement in operational delivery lies well above the national average of 68 per cent. Areas improved include the deprivation adjusted number of injuries from accidental house fires and the percentage of house fires with no smoke alarm. Fewer people escaped unharmed from accidental dwelling fires than they did in 2006/7, although more recent unaudited data suggests that the service is improving in this area.
- 14 Including corporate health PIs the FRA improved 61 per cent of its indicators in the last year. Corporate health indicators have not improved as well as operational ones. Over the last three years 72 per cent of comparable PIs have improved. However over the last year improvement has not been as good. A third has improved, including the percentage of women fire-fighters. However a quarter have stayed the same, including the percentage of fire-fighters with a disability and 42 per cent, including sickness, are now worse.
- 15 Compared with other fire authorities, its current operational performance is good. Sixty per cent of its Fire Prevention and Operational Response indicators are above average but only one (five per cent), the percentage of house fires confined to room of origin, is a top performer. This is well below the average of 34 per cent top performers. Furthermore the FRA's 2007/08 service assessment is still adequate performance (on a scale of inadequate, adequate, performing well and performing strongly). This means the FRA's performance has improved to better than average but a long way from the best. Overall, including corporate health, 54 per cent of the authority's PIs are above average but only 12 per cent are top performers.
- 16 The FRA makes a significant contribution towards wider community outcomes. For example it is an active member of the Buckinghamshire and the Milton Keynes Strategic Partnerships and community safety partnerships across the area. It contributes to delivering community outcomes in the two Sustainable Community Strategy, the two Local Area Agreements (LAAs) and several community safety

How is the Authority performing?

strategies. For example both LAAs contain a target to reduce the number of fires and related casualties and the FRA leads on this target in both areas. They also contain other targets where the FRA is a key player such as reducing the number of people killed or seriously injured in road traffic collisions. In 2007/08 the FRA contributed to a better than average fall in the number of primary fires and accidental house fires and in the number of people killed and seriously injured in road traffic collisions. However it did not meet all of its own community targets. It met its target to achieve a year-on-year drop in the number of fire related injuries. It did not meet the target of achieving a 40 per cent decrease in the number of people killed and seriously injured in road traffic collisions. While in 2007/08 the FRA failed to meet its target of reducing to zero the number of people killed in fires, unaudited data for 2008/09 shows improvement in this area. There remain scope for the FRA to makes a bigger contribution towards wider community outcomes.

- 17 The FRA focuses on people and areas made vulnerable by their circumstances. It works well with partners to improve outcomes for vulnerable and hard to reach communities. For example it identifies and secures empty properties at risk of arson and has extended Home Fire Risk Checks (HFRCs) to the most vulnerable people such as those receiving alcohol counselling and on benefits. Through the Local Area Agreement it has linked its mainstream fire safety work with partners fuel poverty work. The FRA and its partners have developed a Vulnerable Localities Index based on indices of multiple deprivation. It also incorporates details of earlier fires, crime, HFRCs, and fire casualties and with other partners' data. This enables the FRA to target resources to people and areas most at risk, for example in tasking fire-fighters dealing with the highest risk areas and communities.
- 18 However the FRA recognises that it has much more to do to address the equalities and diversity agenda, especially in relation to its own workforce. As part of its updated Medium Term Financial Plan 2008-09 it has created a specific budget to address this as a priority.
- 19 Value for money (VfM) is good and improving. The FRA has one of the lowest council tax precepts in the country and spending per head is below average despite the high costs typical of the south east of England and increased spending per head. At the same time, performance and VfM have improved. For example community fire safety spending is below average but the FRA has a better than average decrease in the number of primary fires, accidental house fires and the number of people killed and seriously injured in road traffic accidents. The FRA has achieved its Gershon efficiency saving target for the three years to 2008 but it did not meet its annual target for 2007/08.

How well is the FRA implementing plans to continue future improvement?

- 20 The FRA has robust plans to improve. Since CPA in 2005 it has reviewed its strategic objectives, goals and prioritised its objectives. These are well integrated into the Integrated Risk Management Plan (IRMP), 2005 - 2010. This is supported by annual action plans and resourced through the Medium Term Financial Plan (MTFP). The 2007/08 IRMP action plan contains three strategic aims to deliver the FRA's vision of "making you safer". They are Intervene Effectively; Improve Community Safety; and

Build Resilience. Each strategic aim has two or three objectives (seven in all) and each objective has three to seven targets (30 in all). Each target contains a brief description, an action plan and a statement of the resources available.

- 21 In 2007/08 the FRA achieved three-quarters of its IRMP targets for that year. It fell slightly short for an eighth and did not meet another eighth. For strategic aim 1 - intervene effectively the FRA met 86 per cent of its targets; for strategic aim 2 - improve community safety 79 per cent; and for strategic aim 3 - build resilience 64 per cent. The fact that the FRA is meeting around three-quarters of its targets means that it is improving well overall.
- 22 The position at the end of the first quarter of 2008/09 shows continued improvement in that 71 per cent of the targets for which data were available were on target.
- 23 Performance management has improved. The FRA has a planning and performance function and has improved its capacity and performance in this area through staff development and external recruitment. It has invested in information management. However it has more to do if it is to meet its targets consistently.
- 24 The FRA has robust plans to improve through its Integrated Risk Management Plan, annual action plans and its Medium Term Financial Plan. Over the last two years the FRA has increased its council tax precept and spending so it could improve corporate and operational support. This has improved its ability to deliver its plans and in turn these have led to better information, management and performance. Also it has restructured the Senior Management Team to improve management skills and enabling it to work at a more strategic level.
- 25 However some resource challenges have emerged. For example the government decision to provide below inflation grant increases over the next few years is a problem. The FRA plans to offset the below inflation grant rises through efficiency savings of nearly £1.2 million and may have to increase the council tax precept by five per cent a year for the next three years.
- 26 Short-term resource constraints are slowing some aspects of improvement, for example in the first quarter of 2008-09 the availability of retained duty appliances was well short of the 95 per cent target. The FRA thinks that it is unlikely to improve in the short term because of continuing budgetary constraints.
- 27 The FRA works with partners to improve its performance and outcomes for local people. It is an active member of both county and regional groups such as the two Local Strategic Partnerships and the fire service Regional Management Board (RMB). It is also working with neighbouring fire authorities on the feasibility of providing and maintaining vehicles jointly and has cross boundary arrangements in areas such as fire investigation. The FRA leads on RMB's resilience workstream and takes part in others. RMB's work promises to point the way to greater effectiveness and better value for money as it moves ahead.
- 28 The FRA is improving well and it has to continue doing so if it is to become a top performing authority. It has building blocks in place to sustain this continuous improvement and is embedding them. It has no significant weaknesses in its arrangements or failures in corporate governance. Despite some resource constraints the FRA has sufficiently strong short- and medium-term plans to continue to improve.

How is the Authority performing?

Service assessment

- 29 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).
 - The operational assessment of service delivery element (provided to the Commission by the Department of Communities and Local Government (DCLG)).
- 30 The assessments for Buckinghamshire & Milton Keynes Fire and Rescue Authority are provided in Table 1.

Table 1

Element	Assessment
Performance indicator	2 out of 4
Operational assessment of service delivery	3 out of 4
Overall fire and rescue service assessment	2 out of 4

Source: Audit Commission

- 31 DCLG's 2006 operational assessment of service delivery assessed the planning and delivery of emergency response: the following text was provided by them as part of their assessment of the Authority.
- 32 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.

The audit of the accounts and value for money

33 Your appointed auditor, Phil Sharman, has reported separately to the Authority on the significant matters arising from our 2007/08 audit and issued on 30 September 2008:

- an audit report, providing an unqualified opinion on your accounts;
- a conclusion on your value for money arrangements to say that these arrangements are adequate; and
- a report on the Best Value Performance Plan confirming that the Plan has been audited.

In the Annual Governance Report, the auditor made four recommendations:

- the Authority should ensure that it meets any changes in reporting requirements including changes arising from the SORP;
- it should build on the improvements made in financial working papers to ensure that there is a full audit trail;
- it should develop its approach to analytical review for quality assurance, financial reporting, and audit purposes; and
- it should implement improvements to budgetary control as discussed and agreed with management.

Use of Resources

34 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).

35 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

Theme	Assessment 2008	Assessment 2007
Financial reporting	2	3
Financial management	2	2
Financial standing	2	2
Internal control	3	2
Value for money	3	3
Overall use of resources assessment	2	2

(Note: 1 – lowest, 4 = highest)

The key issues arising from the audit

- 36** The Authority is demonstrating value for money in its use of resources and overall has improved performance compared with last year, although its headline score remains the same. The Authority is demonstrating strengths in the following areas:
- the three-year Medium Term Financial Plan is well integrated with strategic and operational planning;
 - a strong track record of managing spending within available resources;
 - a strong approach to risk management and improved oversight by the Overview, Performance and Audit Committee; and
 - delivering above average and improving performance whilst remaining a low cost authority.
- 37** However, there remains scope for improvement. The key actions for the Authority are:
- ensure that the accounts comply fully with the requirements of the Statement of Recommended Practice and that working papers are of consistently high quality;
 - ensure good version control of the accounts so that only one version needs to be checked to the original draft accounts for amendments;
 - develop formal guidance for budget holders;
 - provide evidence for a robust review of reserves;
 - improve performance further so that it has more PIs in the top performing category and fewer below average; and
 - consider how to balance the local growth agenda and below inflation government grant increases with continuing delivery of efficiencies and its historically low level of council tax.

Looking ahead

- 38 The public service inspectorates have developed 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 and the importance of councils in leading and shaping the communities they serve.
- 39 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 40 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 National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 41 This letter has been discussed and agreed with the Chief Fire Officer and Treasurer, and presented at the Overview, Performance and Audit Committee on 25 February 2009. Copies need to be provided to all Authority members.
- 42 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Opinion work memorandum	November 2008
Use of resources report	November 2008
Annual audit and inspection letter	February 2009

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- 43 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

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

Robert Hathaway
Comprehensive Area Assessment Lead
March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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