

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

21ST APRIL 2008

1. ANNUAL AUDIT AND INSPECTION LETTER

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the Authority note the Annual Audit and Inspection Letter, attached as Appendix 2 to this report.

2. PURPOSE OF REPORT

This report is submitted to inform Members of the outcomes from the three aspects of the latest round of the Comprehensive Performance Assessment (CPA) process including the Service, Use of Resources and Direction of Travel assessments.

3. BACKGROUND

- 3.1 Members may recall that, during the last year, the Authority has been subject to three different types of Comprehensive Performance Assessment undertaken by the Audit Commission and our external auditors, KPMG. The assessments included the Use of Resources judgement, a Service Assessment focusing upon an assessment of our performance against our Best Value Performance Indicators and a Direction of Travel assessment, which included an element of value for money. These assessments cover the 2006/07 business year.
- 3.2 Following receipt of the draft Annual Audit and Inspection Letter the Authority provided some robust feedback concerning its content and areas of inaccuracy to the Audit Commission. Appendix 1, details this response.
- 3.3 Attached as Appendix 2 to this report is the revised version of the draft Annual Audit and Inspection Letter, which has been amended following feedback from the Authority.

This report includes sections dealing with:

- Key Messages
- How is the West Midlands FRA performing?
- Direction of Travel Report
- Service Assessment
- Audit of Accounts and Value for Money
- Looking ahead
- Closing remarks

3.4 The Authority has been rated as '**improving well**' during 2006/07 and good progress has been recognised in a number of priority areas. Some key successes were:

- A strong downward trend in the number of primary fires reduced by 13 per cent in the last year.
- Improved outcomes in the levels of sickness and injuries over the last year.
- Performance Management is improving.
- There is an overall positive relationship between spend and performance with good satisfaction results and low costs when compared with others.

3.5 Those areas for improvement highlighted by the Audit Commission have been included in departmental/command area action plans (where appropriate) and progress will be updated through the route map. Some key areas of improvement were:

- Addressing views that bullying and inconsistency in the way staff are dealt with has increased.
- Improving our management information systems to enable more effective operations.
- Embedding understanding around value for money and particularly of the relationship between resources and performance.
- Changes required to reflect new accounting treatments in our accounts resulted in our score for financial reporting under the Use of Resources assessment to fall from a 4 to a 3 (4 is highest and 1 lowest). This did not however affect the overall score.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters raised in this report do not relate to a change in policy or of function.

5. **LEGAL IMPLICATIONS**

There is a legal requirement for the Authority to consider the Audit Commission's Audit and Inspection Letter under Statutory Instrument 2006 No. 564 – The Accounts and Audit (Amendment) (England) Regulations 2006.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Draft Annual Audit and Inspection Letter 11.03.08

F. J. E. SHEEHAN
CHIEF FIRE OFFICER

APPENDIX 1

Response to Draft Annual Audit and Inspection Letter 2006/07

West Midlands Fire Service has received and read the draft Audit and Inspection Letter and would ask that the following comments are considered and where appropriate acted upon, in light of the statements made within the draft report. The comments below are concerned with the accuracy and possible interpretation of the statements made at various points within the report. Other general comments are made on page three.

Paragraph 11:

The statement made concerning death incidents increasing in 2006/07 recognises the reductions that have occurred in recent months. *For consistency this approach should be applied to the statement made about secondary fires as these types of incidents have also decreased this year.*

The fire death target for the period of the assessment was in single figures and therefore a change of even one incident could lead to a significant increase. *It would be helpful to use numbers when referring to these incidents as this would clarify the comment of "significant increase" and would ensure that members and the community are aware of the true level of increase or otherwise.*

The time periods referred to in statements made about fire death incidents are not overt in the text. *When referring to increases or decreases in incidents it would be helpful for clarity, to always highlight the time period that these have been taken from.*

The statement that "the number of attendances at false alarms at non-domestic properties has dropped significantly, reducing by 35%" is inaccurate. The numbers of defective equipment false alarms at non-domestic properties actually increased a little from 86.2 in 2005/6 to 87.6 in 2006/7. It seems that the old measure of defective equipment has been used which was at **all** properties. Our figure for this measure was 135.6 in 2005/6. 135.6 to 87.6 is a 35% reduction, but it is not comparing like with like. *This sentence should be amended to reflect the new measures.*

Paragraph 12:

The following statement concerning the approach taken in the completion of HFSCs is incorrect: "... it has deliberately taken a blanket approach to HFSCs to maximise the use of externally funded smoke alarms, but this does not make the most of intelligence collected to target HFSCs effectively."

No decision has yet been taken to adopt the approach that is stated here and there are numerous examples across the Service of activity being targeted at risk, which is recognised later in the report in paragraph 17: "community advocates are making a strong contribution to accessing hard to reach groups generating 6,175 HFSC referrals up to March 2007". *This sentence should either be removed or amended to reflect the actual approach towards HFSCs at the time.*

Paragraph 18:

The last sentence in this paragraph is unclear: "However the full benefits from this will only be realised when PDAs are used effectively to reduce bureaucracy".

Further explanation is required to link the use of PDA's to the previous sentence, concerning changes in work patterns, in this paragraph so that the reader can understand the impact that is being referred to.

Paragraph 23:

The statement that "full (equality) impact assessments are not undertaken" is inaccurate. During 2006/07 a full equality impact assessment was completed for the new FSHQ and for the Corporate Strategy and Annual Service Plan. *This sentence should be either removed or amended to reflect the limited number of full equality impact assessments that have been undertaken*

Paragraph 24:

This paragraph states that the Service "preserves healthy earmarked and general reserves of £18.2 million." *This statement should differentiate between balances and ear marked reserves to avoid confusing the reader.*

Paragraph 25:

The following statement had already been queried during initial feedback following the site visit and at a later stage during a meeting with the Audit Commission and PAIT. Further context has yet to be provided to clarify the evidence upon which it is made: "The FRA has been tackling difficult issues such as competence and behaviour. This has led to the view that bullying and inconsistency in the way staff are dealt with has increased. " *Further explanation is required in this document to place the statement into context and allow the reader to understand its origins, or the statement should be removed.*

Paragraph 31:

The statement made concerning "variance" in certain performance indicators is too vague. Some variance in performance is tolerable and *further information is required to clarify why we have dropped from a 3 to a 2.*

Paragraph 32:

The statement in italics is taken from the OASD report in November 2006, but is now out of date. The Service has focused on improvements that resulted from this original assessment and has made great progress in a number of areas (e.g. post event analysis – debrief). Paragraphs 20 and 26 of this draft report recognise improvements and progress being made in performance management and HR management, areas which this original statement at the time it was made indicated required further improvement. There is no recognition here of the progress made since the assessment in 2006 and *therefore this statement should be removed.*

General Comments:

Throughout the document Borough Commanders or Boroughs are used as a reference. The correct title should be Operations Commanders or Commands.

Paragraph 5: members should begin with capital M; this is used elsewhere in the document.

Paragraph 12: LAAs and PDAs are used for the first time in this paragraph and should therefore be written out in full with their acronyms in brackets.

Paragraph 22: replace “programme management group” with Programme Management Group (PMG)

Paragraph 23: replace “peer support officers” with Peer Support Officers

Paragraph 26: “and this has been aided by an interim arrangement in recent months” should be replaced with “and this was aided by an interim appointment.”

Paragraph 42, bullet 1: is it the case that our council tax band is actually the lowest of any Fire and Rescue Authority, not just the Mets?

Bullet 6: replace “finance” with “the Finance Department”.

Annual Audit and Inspection Letter

West Midlands Fire and Rescue Authority

- Audit Commission descriptor to be inserted by Publishing-

Document Control

Author

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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.

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 0844 798 7070.

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Key messages

- 1 We have again assessed you as 'improving well' in our annual Direction of Travel assessment. Good progress is being made in improving priority areas and there are sound arrangements in place to ensure further improvement in future.
- 2 The overall service assessment score declined this year from '3' to '2' due to variations in a few key performance indicators. Some of these indicators are, however, liable to significant year-on-year fluctuations and we do not see the decline in the overall assessment as detracting from our overall wider assessment that the authority is improving well.
- 3 The main messages for the Authority from the audit follow on from the recommendations last year. These include:
 - developing information on the resource implications of key activities, in particular, the development of key measures for middle management to use in making staffing and operational decisions.

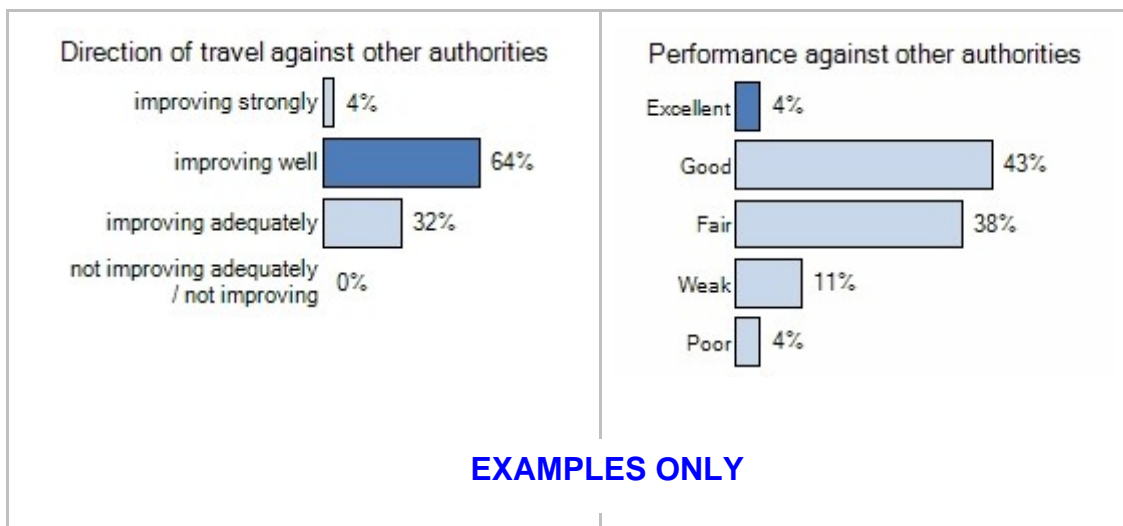
Purpose, responsibilities and scope

- 4 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.
- 5 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.
- 6 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.
- 7 Your appointed auditor is 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, the auditor 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.
- 8 This letter includes the latest assessment on the Authority's performance under the CPA framework, including our Direction of Travel report.
- 9 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 West Midlands Fire and Rescue Authority performing?

- 10 The Audit Commission's overall judgement is that West Midlands Fire and Rescue Authority is improving well and the Authority was assessed as Good 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. We are now updating these assessments, through an updated corporate assessment, in authorities where there is clear evidence of significant change.

Figure 1 Overall performance of authorities in CPA



[The publishing team will add the relevant charts here based on the above text as inserted. There is therefore no need to add the charts]

The improvement since last year - our Direction of Travel report

What evidence is there of the FRA improving outcomes?

- 11** The FRA is improving well across its priority areas and on national framework targets. There continues to be a strong downward trend in the number of primary fires, reducing by 13 per cent from 32.2 to 28.1 per 10,000 population from 2005/06 to 2006/07. It has also improved outcomes in the level of injuries in the last year, recording a movement of 6 per cent. However over the same period the level of deaths increased from 0.4 to 0.7 per 100,000 population but this has been reversed in the last few months with only 2 deaths recorded since March. The FRA is improving faster than other FRAs in reducing the levels of deliberate primary fires, although deliberate secondary fires are increasing.
- 12** Community safety activity has significantly increased. The FRA has doubled the number of home fire safety checks (HFSC) in the last year, completing 26,555 in 2006/07 compared with 13,194 in 2005/06. In 2007/08, they are now being completed at an annual equivalent of 47,000 per year. This is maximising the use of externally funded smoke alarms, but this does not make the most of intelligence collected to target HFSCs effectively. In contrast, community advocates attached to each borough are providing focus and producing quality referrals for prevention work across the hard to reach and vulnerable communities. Often, these have been funded through Local Area Agreements (LAA), such as in Coventry. As an outcome from the recent review, the use of Personal Digital Assistants (PDAs) is being rolled out to improve the effectiveness and efficiency of this work. This contributes to improved prevention work.
- 13** The FRA is continuing to make sound contributions to wider community outcomes. It continues to deliver against fire related targets in various Local Area Agreements (LAAs) and is leading the 'safer stronger' block at Walsall LAA. It is active in youth engagement projects at all levels and has significantly increased the level of schools work over the year. Initiatives such as 'Your Choice', aimed at reducing vehicle crime, vehicle arson and road traffic collisions by teenagers, have secured a national award. This has contributed to a drop of 25% in primary vehicle fires in the last year.
- 14** The FRA is developing its approach to improve safety in the community through more targeted evaluation of local initiatives. For instance, the FIRE project is aimed at general acceptable behaviour and self-esteem of young people. Detailed analysis of inputs and feedback supports the value of running the course.

- 15 There are innovative approaches to access and the quality of service to vulnerable groups is improving. The FRA has worked closely with the deaf community to develop an effective web-site, specialist alarms and a network of British Sign Language (BSL) community support officers. It is also successfully supporting students with Special Educational Needs and their families, through nine SEN educators who have engaged with adults with learning difficulties, deaf children, blind children, children and young people with other physical, emotional and academic needs. Feedback from teachers and pupils alike has been very positive and follow-up visits have shown that much of what they have been taught has been retained.
- 16 Knowledge sharing is improving in difficult areas. For instance, stronger links have been established with social services and other partners in Dudley to target those recently discharged from hospital, older people and the vulnerable. This has resulted in over 200 good quality referrals a month.
- 17 A risk based approach to protection continues to improve safety for immigrants. It has an informative website and community advocates are making a strong contribution to accessing hard to reach groups generating 6,175 HFSCs referrals up to March 2007. In the last year, sprinkler systems have been included successfully in the building of new schools.
- 18 Value for money is good but processes and understanding are still being embedded. The authority is the second lowest cost per head of population, the lowest band D council tax of any metropolitan authority and has consistently high satisfaction results. It has performed well when deprivation is considered compared with similar authorities. It is exceeding its efficiency targets through IRMP projects and best value reviews, achieving £7.09 m to 2006/07. Changes in working patterns have delivered 1.5m extra hours for prevention work, but bureaucratic processes reduce the effectiveness of this time. The full benefits from this will only be realised when PDAs are introduced to improve efficiency.

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

- 19 Improvement planning is robust. Key plans are SMART (specific, measurable, achievable, realistic, time-bound); integrated with each other; cover the medium to long term; and, support the vision and aims of the authority. Action planning has been simplified. The three year corporate strategy 2007-2010 which combines the integrated risk management plan (IRMP), business plan and medium term financial plan sets out three key priorities - communities and partnerships; response and people. A structured approach to team briefings enabled staff to comment on proposed actions at an early stage and shape the corporate strategy. In preparation for 2008/09, a corporate strategy working group involving each department has been set up to ensure a cross-cutting approach to planning.

- 20 Performance management is improving. A route map and assurance mechanism has been used to bring together all improvement plans into one coherent document. Restructures at both corporate and operational levels have given a greater focus to service delivery, with borough plans the key driver to community safety work. Action planning at borough level uses comprehensive and stretching targets aligned with LAA boundaries. Therefore each borough is autonomous due to the different nature of each LAA. This makes it difficult to use the information produced by the centre to apply consistency and effectively target those at highest risk. Also, staff are overloaded with many requests from different departments and it is sometimes unclear which is a priority.
- 21 However, the FRA has invested in performance management in the last year. Focus groups and a residential learning and development event have identified the issues and developed action plans to address them. An internal performance champions' network is being built to challenge the current culture. Individual planning and development reports are in the process of being done by all staff. Programme management is more effective.
- 22 The Programme Management Group (PMG) which brings each project together so all departments can discuss the issues is working more effectively and is linked better to other activities. For example, following identifying a fault on new vehicles, engineers and ICT jointly provided the solution. As a result, problems have been quickly resolved. This contributes to building sustainable improvement.
- 23 Capacity has improved in some areas. Although equalities and diversity has stayed at Level 2, the authority is still scoring 100% on the duty to promote race equality. 'Living the Values' training is being rolled out to all staff and peer support officers have been trained and put into each borough. Even so, only a limited number of full impact assessments have been undertaken. Detailed research has been conducted into the recruitment and retention of women and minority ethnic groups as little progress has been achieved. Target groups have been identified for recruitment.
- 24 The FRA is in a sound financial position, preserving healthy earmarked and general reserves of £18.2m. The investment in organisational development has borne fruit, however there are still issues around the management of and communication to crew and watch managers. The borough commander role is developing well with improved support and communication to the centre. While training has been expanded with core skills being delivered centrally to ensure quality, more is required as less live experience is being gained due to the fall in the number and severity of fires.
- 25 Human resources (HR) has improved but it remains a challenging area. Most weaknesses have been successfully addressed however communication between the centre and watches remains an issue. The FRA has been tackling difficult issues such as competence and behaviour. This has led to the view that bullying and inconsistency in the way staff are dealt with has increased.

- 26 Management information systems remain cumbersome and although there has been improvement in workforce planning, there are several stand-alone systems which make support and operations less efficient. A permanent appointment for professional input to the strategic board level has been made and this was aided prior to this by an interim arrangement. As a result, an HR action plan has been drawn up to tackle the modernisation issue of empowering line managers and key policies such as attendance management have been effectively updated. Sickness absence has improved returning to the previous levels of 9.4 shifts for wholtime firefighters in 2006/07 and ill health retirements have significantly dropped to 0.2 per cent of whole-time staff.
- 27 The FRA continues to contribute effectively to its partnerships. It is working across sector to deliver outcomes for children and young people. In the last year, additional partnerships have been developed with older people and faith communities. The main partnership around arson is reducing deliberate primary fires and police crime statistics show a fall of 25% in the last year. The planned partnership framework has been consulted upon and will be in place by December 2007. An LAA group has been set up to draw across best practice from each of the seven LAAs. The FRA currently chairs the Coventry Community Safety Partnership and fed into CLG's findings from the round 3 dry run undertaken by Coventry. The FRA also chairs the Finance Group on the Birmingham LAA. In this way the FRA is seeking to influence improved outcomes for local people.
- 28 The FRA is working well with the Regional Management Board to implement the National Framework. Five of the seven thematic projects have now been completed. These are: fire safety; response; resilience; resources and performance, leaving an almost complete procurement project and the regional control room project. The RMB is now planning its programme around the 2008-11 National Framework. The FRA part funds the Business Change Manager to continue in post. The region is cohesive, providing joined up approaches in the areas laid out by the National Framework. This delivers a more efficient and effective service to people in the West Midlands.

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 West Midlands Fire and Rescue Authority are provided in Table 1.

Table 1 Fire and rescue service assessment

Element	Assessment
Performance indicators	2 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

Source: Audit Commission

- 31 The overall rating has declined from 'performing well' in 2006 because of variances in performance indicators relating to fire deaths. Because of the low numbers involved, these indicators tend to vary significantly between years in all authorities and we do not see these variations as detracting from our overall message that the Authority is improving well.
- 32 DCLG's 2006 operational assessment of service delivery assessed the planning and delivery of emergency response. The following text was provided by DCLG in 2006 as part of their assessment of West Midlands fire and Rescue Authority. Although we recognise that it reflects a historical position, we reproduce it here because the assessment from which it results is still one of the determinants of your overall service assessment score.

West Midlands Fire Service has implemented wide ranging and fundamental changes to the way it delivers services over the last three years. This has resulted in a focused approach to community safety and the funding of a number of effective initiatives. The Service performs well across all areas of service delivery with particular strengths in the use of information technology, and its prevention and protection activity. Community fire safety work is managed well at all levels, and the Service's recent communication with businesses about the Regulatory Reform (Fire Safety) Order 2005 is a particular strength. Performance management and human resource management are not yet fully in place, but the Service has well developed plans to improve these. The Service evaluates what it does, but would benefit from improving feedback mechanisms to ensure that its work achieves the intended outcome. Overall the Service is performing well and meets the needs of its diverse community. It is aware of its achievements but can be overly self critical at times.

The audit of the accounts and value for money

- 33** Your appointed auditor, KPMG LLP, has reported separately to the Authority on the issues arising from our 2006/07 audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your VFM arrangements to say that these arrangements are adequate on 28 September 2007. They also submitted the Authority's Whole of Government Accounts pack to the Department for Communities and Local Government (DCLG) on 31 October 2007; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited on 18 December 2006.

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 your auditor has assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 2

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

(Note: 1 = lowest, 4 = highest)

The key issues arising from the audit

- 36** The key issues arising from the audit, as reflected in the above judgements, are as follows:

Financial Reporting

- 37** The Authority continues to perform well in respect of financial reporting although the score for this year has fallen when compared to the previous year. This reflects some adjustments required to the accounts to reflect new accounting treatments. However, the Authority was put forward as 'notable practice' for the summary financial information it produced and the approach and production of its annual report.

Financial Management

- 38** The Authority manages its finances well in line with its medium term financial strategy and has introduced a number of actions to provide greater transparency to the process and ensure an integrated planning process linking corporate and financial planning. In 2005/06 we reported that the Authority was developing more comprehensive reporting on and monitoring of asset use, but there has been no significant progress since prior year.

Internal Control

- 39** The Authority has the main elements of an internal control framework in place and has now developed an audit committee. Internal control arrangements could be developed further through the further development of:
- a formal assurance framework drawing together all the sources of assurance received by the Authority. The Authority has made progress during the year in terms of developing this framework, but it will take time to embed.

VFM

- 40** The Authority currently achieves VFM and can point to a number of good examples of achievement.
- The Authority has the lowest Band D Council tax of any Metropolitan Authority and consistently high satisfaction results.
 - There is an overall positive relationship between spend and performance with good satisfaction results and low cost when compared to its neighbours. Performance continues to improve with around 60% of indicators above average compared to other Met Authorities.
 - Member forums are focussed on key performance and financial matters and the Authority has an established process for measuring efficiencies and a track record of achievement.

- The Authority challenges VFM through its IRMP and Best Value programme, with significant impacts through its IRMP projects. For example, IRMP projects have led to significant changes in resource deployment including the redeployment of aerial appliances and revised duty systems, with significant cost benefits.
- Members and Senior Management demonstrate an understanding of key issues in relation to cost and performance and have been successful in securing additional external funding to drive improvement projects.

41 However, processes and understanding are still being embedded and;

- The Authority is still formalising its approach to assessing value for money. Some progress has been made this year through further benchmarking initiatives to help assess performance against other Authorities.
- Managers and Borough Commanders are still developing their understanding of the relationship between resources and performance. Training and support has been provided by officers from the Finance Department to help address this issue.
- The Authority needs to further develop processes to assess the benefits arising from partnership working, although plans are in place to try and achieve this.
- The Authority needs to improve the frequency and detail of cost/ benefit information provided to members and management in to promote greater understanding of the relationship between the two;
- The Authority needs to consider how it evidences the impact of the extra 1.5m hours of staff time reallocated towards prevention and protection work
- The Authority is still developing the resources, including the route map and use of best practice information, to support the Borough structures to ensure they can deliver against key priorities.

Additional services

42 Your appointed auditor undertook an additional piece of work to review the arrangements for the New Headquarters. This included an assessment of the financial projections and risk management arrangements. They will report back on this shortly.

Looking ahead

- 43 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.
- 44 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.
- 45 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

- 46 This letter has been discussed and agreed with the Chief Fire Officer. A copy of the letter will be presented at the full Authority on xx March 2008. Copies need to be provided all Authority members.
- 47 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 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Annual audit and inspection letter	March 2008

- 48 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

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

John Gregory

Relationship Manager

March 2008