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Date	8 July 2011
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Dear Mr Smith

### **Improvement Assessment: Including Corporate Assessment Update**

As I explained in my letter of consultation on this year's Improvement Assessment I am fulfilling my responsibilities under section 19 of the Local Government Measure (2009) in this letter to the Authority. As required this letter will also be sent to Welsh Ministers.

During the transition year we prioritised the establishment of a general baseline which included the views of other inspectorates and regulators, and from which we could more accurately and proportionately assess improvement arrangements in future years. Having established that baseline, a comprehensive assessment will not be necessary in most authorities in any one year. This year, my letter summarises:

- the Authority's compliance with its statutory obligations to make arrangements to secure continuous improvement;
- the Authority's progress on areas for improvement and recommendations identified in the 2010 assessment;
- a brief commentary on any relevant issues that may have emerged since my last report, including comments on how the Authority is addressing financial challenges; and
- updates to the work plan and timetable for delivering my Improvement Assessment work.

## **The Authority's arrangements to secure continuous improvement**

The Authority's leadership is continuing to drive change and address the areas for improvement that were identified in the Corporate Assessment report of July 2010. Priorities for the coming period should continue to include developing appropriate ICT solutions to support decision making and ensuring that improvement objectives are measurable and reported.

The Authority's improvement objectives and the improvement plan (called 'Combined Improvement and Risk Reduction Plan 2009-2012') meet the requirements of the Local Government Measure (2009) and the guidance issued by the Welsh Government.

Business planning arrangements have been revised for 2011-12 and are outcome focussed. The Authority is currently developing the measures and processes it will use to monitor and report achievement of the Improvement Objectives for 2011-12. In doing so the Authority needs to ensure that improvement objectives are measurable and reported so that the public are clear about what they mean and how well the Authority is delivering them.

I am satisfied that the Authority is discharging its duties under the Local Government (Wales) Measure 2009, and that the Authority is likely to comply with its requirements during this financial year. I have reached this conclusion because my audit and assessment work, to date, has found that:

- good progress is being made on the areas for improvement identified in my corporate assessment of 2010; and
- the Authority has a sound approach to identifying what it needs to do to manage within known financial constraints and will be better placed to address its financial challenges when it has further developed arrangements for medium term financial planning.

## **Progress on the areas for improvement identified in the 2010 assessment**

The Preliminary Corporate Assessment, published in August 2010, said 'stable leadership and improvements to corporate governance are likely to support improvement in the future'. The report identified a number of areas for improvement and also noted one area where we would undertake further work. Progress on these matters is summarised below and described in more detail in Appendix 1.

- work by the Clerk and the Members Liaison Officer ensures that there is no duplication in terms of the Audit Committee and the Executive Panel;
- better reporting for the Incident Recording System (IRS) and the Records Management System (RMS) has led to a broader range of data being available to managers;

- the Authority has reviewed the business processes it needs to support the successful delivery of projects and made a number of improvements including a revised organisational structure from April 2011; and
- the Authority's Risk Reduction Working Group is developing a more formalised medium term financial strategy which is anticipated to be available in the Autumn.

### **Emerging issues**

Last year a number of common areas for further improvement emerged from my improvement assessments across local government. Findings about the Authority's progress in some of these areas is summarised below and more detail will be provided separately in interim updates where appropriate.

We are currently undertaking a review of how well the Authority uses ICT (Technology and Information) to support improvement. We will provide more information in an interim update and also in our Annual Improvement Report later in the year.

We are planning to undertake a short review of how people management activities support improvement later in the year.

**The Authority has a sound approach to identifying what it needs to do to manage within known financial constraints and will be better placed to address its financial challenges when it has further developed arrangements for medium term financial planning.**

Although the Authority does not have a formal medium-term financial plan it had arrangements in place to forecast budget requirements for the three-year period commencing 2011-12. The Authority recognises the need to develop more formalised and longer term planning arrangements. The Risk Reduction Working Group is developing a medium term financial strategy which it hopes to present to the Fire Authority for adoption in the Autumn of 2011.

### **Further proposals for improvement/recommendations**

No new proposals for improvement are being suggested in this letter. We will continue to monitor and report on the Authority's progress in implementing the proposals we made in the last Annual Improvement Report.

### **Updates to the work plan and timetable**

My Improvement Assessment team will keep the Authority informed of the detailed arrangements for the delivery of the next Annual Improvement Report. The regularly updated work plan and timetable provides more detail on how we intend to focus resources in this year's assessment and in particular how we will add value by focusing on jointly identified areas or

services. In this interim year, we plan to facilitate a workshop to support the Authority to develop its approach to measuring achievement of its improvement objectives for 2012-13. There are likely to be some legislative changes to the current risk reduction planning process and when changes are announced we will seek to support the Authority by undertaking a review of public engagement. We are also planning to undertake, later in the year, a short review of how people management activities support improvement.

The work plan and timetable takes account of my response to the consultation over my proposals for 2011-12 performance audit work. I will also be asking the Improvement Assessment Team to consider the reliance that can be placed upon the self-assessment processes (including the Annual Governance Statement and the Annual Peer Assessment Report). I will comment on this approach in the Annual Improvement Report.

I am grateful to the Authority for the way in which it has helped to facilitate our work and hope to see even more effective and efficient arrangements developing over time. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yours sincerely



**HUW VAUGHAN THOMAS**

**AUDITOR GENERAL FOR WALES**

Cc to: Carl Sargeant, Minister for Local Government and Communities  
Councillor Frobisher, Chair, North Wales Fire and Rescue Authority  
Lisa Williams, Improvement Assessment Lead, Wales Audit Office  
Jackie Joyce, Improvement Assessment Co-ordinator, Wales Audit Office

## Appendix 1

### Additional information on progress on proposals made in the Preliminary Corporate Assessment July 2010

Proposals for improvement	Progress
<p>1. Addressing the possible duplication of roles in monitoring performance information by the Executive Panel and Audit Committee to avoid unnecessary confusion or duplication.</p>	<p>The work of the Audit Committee and the Executive Panel is managed by the Clerk and the Members Liaison Officer to ensure that there is no overlap or duplication.</p> <p>Our review of agendas for both the Executive Panel and the Audit Committee did not reveal duplication or overlaps.</p> <p>Officers and members we spoke to believe that the arrangements were working well and that there was no duplication or overlap.</p> <p>We suggest that the Fire Authority should review and update the terms of reference for these two committees to reflect their roles in relation to the Local Government Measure 2009.</p>
<p>2. Ensuring that the current range of reporting software provides for a sound decision making process in the medium to long term.</p>	<p>Progress has been made to broaden the data available to managers through development of reporting from the RMS and IRS systems. The data is increasingly being used throughout the organisation to support decision making. We are currently reviewing the information management arrangements as part of a themed Wales Audit Office study and we will provide more information on this in our Annual Improvement Assessment later in the year.</p> <p>There are currently no plans to further develop the use of Fynnon.</p>

Proposals for improvement	Progress
<p><b>3.</b> Reviewing what business processes will best support the successful delivery of planned projects.</p>	<p>Over the last year the Authority has been considering the processes needed for successful delivery of planned projects. It has brought together a number of reviews which have looked at officer cover, training arrangements and recommendations from external reviews (such as the HSE Report) and implemented a restructuring in April 2011. The restructure was undertaken to deliver financial savings as well as create better delivery arrangements through clearer reporting and accountability. It is too early to say if it has achieved its objective and we will continue to follow up in future how the changes are impacting on service delivery.</p> <p>A review of administration processes is now underway to review how best to support the revised structure.</p> <p>New Business Planning templates and associated review processes have been introduced for 2011-12 to strengthen accountability and ensure actions are delivered. Principal Officers have regular meetings with nominated project managers to monitor progress in delivering the actions in Business Plans.</p> <p>Reporting of performance information is not structured to report progress against delivery of the Improvement Objectives but there are plans to review and confirm the measures to support Improvement Objectives for 2011-12 together with monitoring arrangements by September 2011.</p> <p>We will continue to follow up in future how the changes are impacting on service delivery.</p>

Proposals for improvement	Progress
<p><b>4.</b> Formulating a medium-term plan to gain agreement on broad policy direction and required resources for delivery.</p>	<p>The Authority does not have a formal medium-term financial plan but it had arrangements in place to set its 2011-12 budget and also to forecast the budget for the following two years.</p> <p>A Budget Working Group was established and considered all possible financial and service options to meet the funding gap. They produced a Budget Reductions Options book which identified areas where savings could be made.</p> <p>The Authority recognises the need to develop more formalised and longer term planning arrangements. The Risk Reduction Working Group has been working on the development of a medium term financial strategy and hopes to report this to the Fire Authority for adoption in the Autumn of 2011.</p> <p>We will continue to monitor and report on the Authority's progress in developing its approach to medium term financial planning.</p>