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Date	23 October 2012
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Pages	1 of 7

Dear Simon

Improvement Assessment

I am required, under the Local Government (Wales) Measure 2009 (the Measure), to report my audit and assessment work in relation to whether North Wales Fire and Rescue Authority (the Authority) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Authority has discharged its statutory duties in respect of improvement planning;
- my views on the Authority's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office, including:
 - any relevant issues that may have emerged since my last report, including comments on how the Authority is undertaking its public engagement activities; and
 - the Authority's progress on areas for improvement and recommendations identified in my previous assessments.
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office work plan and timetable for delivering my Improvement Assessment work.

I shall update my views during the year and will provide a further letter by the end of January 2013.

The Authority has discharged its improvement planning duties under the Measure and has acted in accordance with Welsh Government guidance

I have reached this conclusion because:

- The Improvement Plan was published in accordance with the Welsh Government's timetable (to publish by 31 October 2011 for 2012-13 improvement objectives) and is now being updated. The improvement objectives were reaffirmed by the new Fire and Rescue Authority following recent local government elections.
- The Authority has provided a general explanation of why its two improvement objectives were chosen for 2012-13 including reference to activity levels and the economic climate.
- Each of the improvement objectives provides a description of the expected outcome, actions needed to achieve the improvements and measures to demonstrate achievement are noted in most cases although the Authority is continuing to consider which performance measures best support this.
- The actions needed to achieve delivery of the improvement objectives are contained in departmental business plans which are monitored monthly by senior managers.
- The Authority consulted on its improvement objectives in accordance with Welsh Government guidance.

Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators I believe that the Authority is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year

I have reached this conclusion because:

Business planning arrangements are well-embedded, provide a clear picture of planned actions and are generally outcome-focused

I stated in my previous assessments that the Authority's leadership is continuing to drive change and I remain of this view. Following local government elections earlier in 2012 there has been a significant change to the membership of the Fire and Rescue Authority: seven members returned; and 21 members are new and serving on the Authority for the first time. Consequently, various training events are planned to fully brief members in their new roles.

I also previously highlighted that priorities should include developing appropriate ICT solutions to support decision making and ensuring that improvement objectives are measurable and reported.

Progress has been made to broaden the data available to managers through development of reporting from the Incident Recording System (IRS) and the Records Management System (RMS).

In order to provide new members with an opportunity to review the improvement objectives adopted in September 2011, they were reconsidered by the Executive Panel in July 2012. Members decided to reduce the number of improvement objectives from eight to two in order to provide a clear message about the Authority's priorities. The new objectives are:

- to help to keep people and communities safe by preventing deaths and injuries from accidental fires in living accommodation; and
- to find ways of reducing the overall costs of running the service each year in order to operate within the annual budget.

The activities planned to achieve the six previously agreed improvement objectives have not been lost. They have been incorporated within departmental action plans as they represent, in many cases, the day-to-day activities that contribute to the Authority's general duty to improve.

The Authority now needs to make sure that stakeholders and the public are aware of the restated improvement objectives and is taking steps to update the electronic versions of the plans on the Authority's website.

Routine reporting of performance information does not fully and clearly identify progress to achieve improvement objectives. Progress is largely demonstrated through the use of the Welsh Government's national strategic and core indicators together with a small number of local indicators. During 2012-13 the Authority is planning to revise, from quarter two, its reporting to members to include progress against improvement objectives and is currently considering how best to do this. This is especially true of Improvement Objective 2, which will need to be linked to the existing financial management reporting arrangements.

The Welsh Government recently signalled its intention to change the risk reduction planning process for Welsh fire and rescue authorities. There will be no requirement to publish separate risk reduction plans in October 2012 and the Welsh Government anticipates that all planned 'improvement' activities should be included in the improvement plan. As a result of this change, the Authority will not have to undertake a 12-week statutory consultation process on its risk reduction plans but will have to discharge its consultation duties under the Measure. In recent years, it has done this as part of the statutory risk reduction planning process and is currently considering how to approach this as part of setting its improvement objectives for 2013-14.

The Authority continues to manage its financial challenges effectively

I concluded in my previous Annual Improvement Report that the Authority has a sound approach to financial management, but given the scale of change required, clear leadership is required. I remain of this view.

The latest financial forecast for the three-year period to 2013-14 shows the Authority needs to deliver cumulative projected efficiencies of £2.4 million. The Authority is updating the forecast as part of the preparation for the 2013-14 budget setting process later in the year and this will include projections for 2014-15. KPMG has also included a review of the budgeting process as part of this year's audit.

Although the Authority's approach to addressing its financial challenges has, to date, been robust and well-managed, issues remain given the likelihood of real-term reductions in central funding to 2016-17 and beyond. The Authority is continuing to seek opportunities for further efficiency savings, over and above those already identified. Part of this work will be via the recently established National Issues Committee which will consider the potential for efficiency savings and collaboration across the three Welsh fire and rescue authorities.

Good progress is being made to address the proposals for improvement identified in my previous assessments

I made a number of proposals for improvement in my previous Corporate Assessment Update Letter and Annual Improvement Report. The Authority's progress in implementing these is summarised in Appendix 1.

Although there are some weaknesses in approach, the Authority is continuing to improve its approach to public engagement

The all-Wales studies work concluded since my previous letter covered the Authority's approach to public engagement. A detailed assessment of the effectiveness of the Authority's arrangements in this area, and proposals for improvement, has been provided in a separate report. The report concluded that the Authority can demonstrate effective engagement at an operational level and shows a strong commitment towards increasing its public engagement activity. It now needs to develop a more coordinated, strategic approach to clarify the expectations and resources required to undertake and evaluate future public engagement activity.

Further proposals for improvement

Two new proposals for improvement are being suggested in this letter. We will continue to monitor and report on the progress made by the Authority in implementing the proposals set out in my previous reports and letters.

Proposals for improvement¹

- P1 Continue to develop corporate processes to promote public engagement in particular:
- to develop a more strategic, coordinated and planned approach to public engagement to minimise duplication of work and maximise impact and outcomes;
 - identify, define and prioritise what public engagement activity is essential for the Authority, its partners and the public it serves;
 - identify resources required and take advantage of outreach and local fire stations to encourage them to engage with their local communities; and
 - develop processes and structure to help prepare and deal with controversial situations and potential difficult decisions – to assess level of risk and identify mitigating actions.
- P2 Develop methods to use and evaluate the results of public engagement activities more widely, and inform the public how their input influenced what the Authority does.

¹ P1 and P2 proposals for improvement included in our Public Engagement Report (August 2012).

Updates to the work plan and timetable

My Improvement Assessment Team will keep the Authority informed of the detailed arrangements for the delivery of my assessment work during 2012-13. 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.

The work plan and timetable takes account of my consultation with improvement authorities over my proposals for 2012-13 performance audit work. In particular, I shall be asking my Improvement Assessment Team to consider during the year the reliance that we can place upon the self-assessment processes, including its review of governance in producing the Annual Governance Statement and the Annual Performance Report. I shall comment on this approach in my 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: Carl Sargeant, Minister for Local Government and Communities
Lisa Williams, Performance Audit Lead

Appendix 1

Proposals for improvement	Progress
<p>P1 Continue to implement previous proposals for improvement to strengthen improvement objectives and associated performance measures and reporting to be more outcome-focused as to identify and evaluate the impact of its activity for its community.</p>	<p>The Authority has restated its improvement objectives for 2012-13, so as to more clearly indicate its highest priorities for the year.</p> <p>The Authority is currently considering how it will report progress against these improvement objectives and associated action plans from the second quarter of 2012-13 including the detailed suite of measures it will use.</p> <p>Some awareness raising has been undertaken with managers in relation to introducing Results Based Accountability (RBA) methodology into their business plans, with a view to increasing this outcome focus over coming months.</p>
<p>P2 Implement areas for improvement identified in our Information Management review.</p>	<p>Several of the areas for improvement continue to be assessed by the Authority in the context of other priorities and the anticipated future work programme of the recently established National Issues Committee.</p>
<p>P3 Implement areas for improvement identified in our use of technology review.</p>	<p>The Authority is developing a new five-year ICT strategy, and is making some progress with documenting, publishing and promoting technology standards and policies.</p> <p>It is continuing to introduce new ways of using technology to optimise and standardise business processes and procedures eg, for some of its financial and ordering processes, and is considering how to introduce more monitoring and measurement of the effectiveness and impact of technology and service user satisfaction through RBA methodology.</p>
<p>P4 Address issues arising from the performance information audit in respect of how 'over-the-border incidents' are treated.</p>	<p>New processes have been introduced to manage 'over-the-border incidents' and ensuring that recording and reporting between neighbouring fire and rescue authorities follows national guidance issued in relation to the IRS.</p>
<p>P5 Address the suggestions made in the Appointed Auditor's Letter in respect of reporting Internal Audit findings to the Audit Committee.</p>	<p>A report summarising internal audit activity in 2011-12 provided for the Audit Committee's September 2012 meeting. The appendix to that report details each audit area and the recommendations and audit opinions arising from those audits.</p>