



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

South Wales Fire and Rescue Authority Report by the Auditor General for Wales Preliminary Corporate Assessment – August 2010



Ref: 420A2010

Image courtesy of South Wales Fire and Rescue Authority.

The Auditor General's Corporate Assessment Team for South Wales Fire and Rescue Authority was led by Lisa Williams (Improvement Assessment Lead) under the direction of Alan Morris (Partner).

**Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ
Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660
E-mail: info@wao.gov.uk
Website: www.wao.gov.uk**

This document has been prepared for the internal use of South Wales Fire and Rescue Authority as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and her staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, her appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.



Contents

Summary	4
Part 1: How the Authority has approached improvement over time	6
The Authority has improved the transparency and effectiveness of its approach to securing improvement	6
Before 2008 the Authority's arrangements were traditional in style with some key weaknesses especially in relation to governance	6
Consensual and open leadership has led to significant improvement with a sharper focus on effective strategic planning and business processes	7
The Authority's arrangements provide a good platform for service improvement	7
Part 2: Analysis of the Authority's arrangements to help it improve	8
Good use of resources and appropriate information support a clear strategic approach and effective leadership	8
The Authority manages its resources effectively, ensuring its strategic choices are informed by accurate, timely management information	8
Members and senior officers are providing clear leadership and strategic direction that supports improvement but public accountability could be strengthened	9
Collaborative working is well developed but Partnerships make considerable demands in capacity which are not yet fully evaluated in terms of outcomes for the community	10
While the Authority is addressing the future nature of its workforce, there are challenges in ensuring that staff understand the programme of organisational change planned and are involved in its implementation	11

Summary

- 1 The Auditor General is required by the Local Government (Wales) Measure (2009) (the Measure) to undertake an annual Improvement Assessment for each improvement authority in Wales, that is, local councils, national parks, and fire and rescue authorities.
- 2 In order to fulfil this requirement the Wales Audit Office will undertake:
 - a Corporate Assessment – an assessment of an authority’s arrangements to secure continuous improvement; and
 - a Performance Assessment – an assessment of whether an authority has achieved its planned improvements.
- 3 The approach is designed to enable a whole organisation assessment at each authority to be undertaken in a standardised way. Taken together these two assessments will form the basis of an annual report to citizens, known as the Annual Improvement Report.
- 4 The Auditor General has brought together her work, that of the Appointed Auditor, and that of other relevant regulators, to inform the corporate assessment. As this is the first year of a new approach, the assessment is a preliminary one and this report should be viewed as a progress report. The Annual Improvement Report will also serve as an update for the Corporate Assessment.
- 5 In March 2010, the Auditor General identified the scale of the financial challenge facing public services in Wales in a report to the National Assembly *A Picture of Public Services*. The potential impact of spending reductions on local government has also been highlighted by the Welsh Local Government Association (WLGA), the Chartered Institute of Public Finance and Accountancy, and the Society of Local Authority Chief Executives. In evidence to National Assembly Public Accounts Committee in June 2010, the WLGA noted: ‘There is no escaping the fact that all parts of the public sector will have to examine current expenditure and service provision – the shortfall cannot be solved by efficiencies alone.’ To meet this challenge, fire and rescue authorities must fundamentally review the services they provide and how they are delivered, including considering options for increasing procuring rather than providing services and working in collaboration. It is in this context that the corporate assessment has been prepared.
- 6 The report sets out the findings of the Corporate Assessment only and is designed to answer the question:

‘Are the arrangements of South Wales Fire and Rescue Authority (the Authority) likely to secure continuous improvement?’



- 7 As this is our Preliminary Corporate Assessment, there are several areas where only limited work has been possible. We will continue to build on this and monitor progress in the coming months to provide an update in our Annual Improvement Report to be issued in November.
- 8 The conclusion arising from our first Corporate Assessment is that effective leadership and robust corporate arrangements provide a sound foundation for improvement in performance.
- 9 We based our conclusion on our assessment of the Authority's progress over time and an analysis of the strengths and weaknesses of its arrangements to support improvement. These conclusions are explained in detail in Part 1 and Part 2 of the report respectively. We found that:
 - the Authority has improved the transparency and effectiveness of its approach to securing improvement; and
 - good use of resources and appropriate information support a clear strategic approach and effective leadership.

Special inspection

- 10 Based on the Corporate Assessment the Auditor General does not intend to carry out a special inspection of the Authority under section 21 of the Measure.

Recommendations

- 11 The Auditor General has not made formal recommendations for improvement for the Authority under section 19 of the Measure nor recommended that Welsh Ministers should provide assistance to the Authority by exercising their power under section 28 of the Measure or give a direction under section 29 of the Measure.

Areas for improvement

- 12 The assessment has identified the following areas where we propose the Authority considers taking action.

Exhibit 1: Areas for improvement

The Authority should:

- P1 Improve public accountability and engagement by:
 - providing more information for the public about its operation such as agendas and minutes for key meetings, and
 - consider its engagement and consultation processes to encourage wider participation eg, Facebook and Twitter.
- P2 Seek to broaden the diversity of its workforce by fully evaluating the impact of initiatives it has taken to date to meet associated targets.
- P3 Identify how the Performance Development Review (PDR) process can be more consistently used across the organisation.
- P3 Develop further its approach to workforce engagement.

Part 1: How the Authority has approached improvement over time

The Authority has improved the transparency and effectiveness of its approach to securing improvement

Before 2008, the Authority's arrangements were traditional in style with some key weaknesses especially in relation to governance

- 13** The Assembly Government, following devolution of responsibility for the fire service in 2004, set out its vision in the document The Fire and Rescue National Framework for Wales, stating that authorities should:

 - strive to make communities safer and in doing so be at the heart of the communities with a transparent decision making process which involves the communities;
 - work seamlessly with each other, other emergency services, other partners and the community, delivering cohesive services that maximise not only the Authority's resources but also those of partner organisations;
 - recognise the impact they can have on the environment (natural and built) and society's social fabric – contributing to meet the Assembly Government's sustainability objectives through operational activities, preventative action and by examining the impact of their own organisation; and
- recognise the diversity within their communities, ensure that their staff reflect the diversity in the community, and be able to reach their full potential ensuring equality of opportunity for all in delivering services to the public.
- 14** The leadership has responded to these challenges and, through its Risk Reduction Plans (RRPs) and Improvement Plans, established a service that seeks to balance its responsibilities to respond to emergency incidents with a full programme of preventative activities.
- 15** The local government elections in 2008 changed the political make-up of the Authority. One of its first tasks was to appoint a new Chief Fire Officer. A restructure of senior management followed which provided a smaller senior team with greater clarity on roles and responsibilities. The organisation also moved into its new Headquarters in early 2009.
- 16** Since 2008 the Authority has systematically strengthened governance arrangements through a programme of: reviewing constitutional arrangements; amending standing orders; adopting good practice outlined in the 2000 Act; and implementing the recommendation made in our 2008 Scrutiny Review.
- 17** On 29 September 2009 the Appointed Auditor issued a qualified audit opinion on the 2008-09 Financial Statements. The qualified opinion arose from disagreement in 2007-08 over the accounting treatment for the Authority's general and earmarked reserves balances. This disagreement has now been resolved by an amendment to the



Combination Order for the Authority, which makes it explicit that the Authority can hold reserves.

- 18** In October 2009, the Auditor General's Appointed Auditor and Relationship Manager issued an Annual Letter on the financial statements, corporate arrangements and performance of the Authority. This was presented to the Fire Authority on 14 December 2009 and confirmed that, although the Statement of Accounts was qualified, the Authority had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2008-09.
- 19** Key issues for the Authority at this time were that it continued to make improvements in reducing the levels of operational risk identified by the Peer Assessment Team and the last Joint Risk Assessment.

Consensual and open leadership has led to significant improvement with a sharper focus on effective strategic planning and business processes

- 20** The Authority and its senior management team have adopted a consensual and open management style and built good working relationships. They collectively recognise that in an uncertain financial climate the need for comprehensive strategic planning is essential. The annual RRP is the key planning document that has been prepared following an analysis of statistical information and trends that are important locally and is consistent with the Assembly Government's vision for fire and rescue services. It highlights seven priority areas for 2010-11. The views of staff, representative bodies, residents, community councils and local interest groups have been sought as part of the RRP consultation process.

- 21** The draft RRP for 2011-12 is supported by the Medium Term Financial Plan (2010-2014), the Asset Management Plan and the People Strategy. This strategic planning framework seeks to maximise resources in support of the priorities agreed by the Authority and forms the basis of operational business plans.

The Authority's arrangements provide a good platform for service improvement

- 22** Through its risk management and business planning processes the Authority has identified the improvement it wants to make and recognises the financial and operational challenges it faces in achieving them.
- 23** The Authority has shown that it can make (and support) the difficult decisions needed to deliver its improvement agenda. Examples include:
- recent changes to crewing arrangements at some stations;
 - innovative use of collaborative arrangements to deliver community safety messages such as the 'Bernie the sheep' initiative;
 - a salaried retained duty system;
 - collaborative ventures with fire and rescue services and other organisations in Wales (such as procurement of new fire kit and fire appliances; joined-up fire control rooms; and collaborative occupational health provision);
 - rationalisation of the estate (such as New Inn, Cardiff Central and Llanelay Hall); and
 - the move to the new Headquarters.

Part 2: Analysis of the Authority's arrangements to help it improve

Good use of resources and appropriate information support a clear strategic approach and effective leadership

The Authority manages its resources effectively, ensuring its strategic choices are informed by accurate, timely management information

- 24** Previous audits have confirmed that the Authority has sound financial planning arrangements in place. Although the Authority is now operating from its new headquarters, disposing of the Llanelay Hall site in the current and projected future economic climate remains a challenge and a significant financial risk.
- 25** A significant amount of work has been undertaken this year to prepare the Medium Term Financial Plan, People Strategy and Asset Management Plan to ensure that there is consistency between them and RRP Reduction Plan for 2011-12 are understood. When considering these proposals the Authority also used these plans to inform decision making.
- 26** We have planned to review how resource management arrangements, particularly budgeting and financial planning, support improvement during the summer of 2010 and conclusions will be included in the Annual Improvement Report.
- 27** Our 2009 review of buildings management concluded that the Authority 'has arrangements in place in order to support developments in efficiency and service delivery to meet the needs and expectations of users in the 21st century'. The Asset Management Plan is a key strategic document and the recently established asset management working group (merged from the estates and fleet management groups), oversees this area of work and report to the Finance Audit and Performance Management Committee on the delivery and adequacy of the Asset Management Plan.
- 28** Our 2008 review of fleet management concluded that 'the Authority's approach to fleet management is making appropriate use of resources to support improvements in service delivery'. It also identified that 'there is scope for improvement through updating the Performance Review and Improvement Plan, use of performance indicators, exploring joint purchasing opportunities with other bodies and formally setting out its fleet management strategy for communication to its entire staff.' These recommendations were taken forward by the fleet management group and have now been incorporated within the Asset Management Working Group.
- 29** The Authority has a suite of policies in place to support achievement of its objectives. This includes risk management, the Welsh language, and Local Resilience Forum (LRF) engagement.



- 30 A well-embedded and comprehensive performance management system provides the Authority with the information it needs to record and track its performance. Regular reports providing a suite of outcome-based performance indicators and progress in implementing recommendations from audit and inspection reports are provided to the members of the Finance Audit and Performance Management Committee.
- 31 Staff acknowledge that they are held to account for their performance through a series of management processes. These include an appropriate escalation process to more senior managers to deal with poor performance when necessary.
- 32 Project management is strong and there are clear roles and responsibilities within the revised management structure. Prince 2 project management methodology has been adopted for all large projects with most senior managers trained in project management. All RRP projects have a named Project Manager. A Project Board, comprised of members of the senior management team, monitor key milestones.

Members and senior officers are providing clear leadership and strategic direction that supports improvement but public accountability could be strengthened

- 33 Good working relationships exist between senior officers and members of the Authority and a greater understanding of each other's roles has contributed to this. More information to members of the Authority regarding the work of sub-committees has reinforced the roles and

responsibilities and increased members' understanding of the following revised constitutional documents:

- procedural, general and contract standing orders;
 - scheme of delegations and financial regulations;
 - revised committee and working group structures; and
 - terms of reference for all committees aligned to the key corporate priorities and documents.
- 34 There has been a recent disagreement resulting in some potentially unrepresentative meetings that could impact upon the democratic accountability of decisions for the constituent councils. The Monitoring Officer is working closely with members to remedy this position.
 - 35 The Authority knows what it wants to achieve and has set this out in its current RRP and other key corporate documents. This document describes core duties, aims and values, and outlines the broad approaches it intends to follow. A wide range of information, including past performance, national learning, local knowledge and a realistic assessment of budget constraints have contributed to the development of the following priorities for 2010-11:
 - Legislative Fire Safety
 - Community Safety Partnerships
 - Improving the effectiveness of emergency response
 - Improving fire-fighter safety
 - Resilience and planning

- Organisational efficiency
- Learning and Development Strategy.

36 Members and senior offices work closely to prepare the RRP and this year more member involvement has been encouraged through a day-long members' workshop, prior to its consideration by the Authority. The proposed RRP for 2011-12, which is currently subject to consultation, has reflected on current financial and operational pressures, as well as how well it is implementing previous RRP actions, in determining its nine projects for next year.

37 Although it has used a range of consultation channels in the past, including staff, members, partners and the general public, the Authority has acknowledged that its approach to engagement and communication can be strengthened so that more meaningful feedback can be obtained. Historically, public awareness meetings have been used as well as internal 'roadshows' for staff but there is limited use made of IT-based processes such as Twitter and Facebook as a source of feedback and engagement (Facebook has been used as part of specific community safety campaigns).

38 Activities contained in the annual RRP's form the basis for the detailed directorate, station and departmental plans and staff are included in their preparation. Staff feel that the station plans reflect the improvement activity that is relevant locally, that they can influence what is in their plan and they know what is expected of them.

39 Members undertake their role assisted by a small business support team that provides or co-ordinates a range of member support activities. The Authority is working towards the

Bronze accreditation under the WLGA Charter for Member Support and Development for Fire Authorities and has its assessment on 15 September 2010.

40 Scrutiny arrangements are improving; the Fire Authority and all committees and working groups have in place a forward work plan to ensure that all key corporate actions are monitored for implementation and outcomes are scrutinised.

41 Whilst the availability of information to support decision making within the Authority has improved, a very limited amount of this information is available publically. The Authority's website provides limited information, particularly in respect of agendas and minutes, and consequently public accountability could be strengthened to promote a more open and transparent operation of its business.

Collaborative working is well developed but partnerships make considerable demands in capacity which are not yet fully evaluated in terms of outcomes for the community

42 The Authority has a history of delivering services in a collaborative way and there are many examples including:

- the Jasmine Centre with Cardiff Council;
- several stations share accommodation with external organisations (for example Barry with the Safer Vale Partnership, Llantwit Major with the Coastguard and Caerphilly with the Ambulance Service) with further shared facilities planned or being pursued, for example the Police and Ambulance



in Llantwit Major station (to create four services on the same site), the coastguard at Porthcawl station and Ambulance Services on several additional sites including Monmouth and Bargoed;

- initiatives delivered jointly with councils, such as digitised property data, the Dragon Programme and a joint occupational health unit with Cardiff Council; and
- working arrangements with the police have strengthened through the 'Bernie the Sheep' campaign to tackle grass and wildfire.

43 Complex structures and financial environments add to the challenge of working with 10 councils. The capacity to undertake this activity is likely to be under more pressure as the community planning aspects of the Assembly Government's Local Government Measure are implemented.

44 The Authority recognises that a critical review of the outcomes gained from its partnership working will be needed as tighter financial constraints impact on the budget available for this activity.

While the Authority is addressing the future nature of its workforce, there are challenges in ensuring that staff understand the programme of organisational change planned and are involved in its implementation

45 The Authority has a range of Human Resources (HR) policies in place and has incorporated the wider aims of the all-Wales HR Strategy into its local business planning objectives. It continues to collaborate with the other Welsh fire and rescue authorities, both in terms of policy formulation and implementation and through collaborative working such as joint recruitment and all-Wales Assessment Development Centre procedures.

46 The Authority has a good range of data available to inform workforce planning and understands its current and future demands.

47 The Authority is struggling to broaden the diversity of its workforce and meet associated targets. Despite many initiatives to encourage candidates, this remains a challenge, which, together with low turnover for uniformed staff, limits opportunities for recruiting candidates that would contribute to achieving these targets. The Authority would benefit from fully evaluating the impact of initiatives it has taken to date in determining its future strategy in this area.

48 The Peer Assessment Team (PAT) recently reviewed how the service delivers training and development. The review noted that there has been wide consultation to produce a Training, Development and Assessment (TDA) Strategy and associated policies in line with National Guidance.

- 49** The PAT identified that structures and arrangements exist to support training, development and assessment to ensure personnel both develop and maintain their competencies in line with role maps/job descriptions. Deployment of the Operational Development and Review Team (ODART), which includes external stakeholders, provides real time information that informs and influences future training objectives.
- 50** The PAT found that the Performance Development Review (PDR) process identifies training needs and measures workplace performance. However, the overall Learning and Development Strategy is undermined by inconsistencies in its application.
- 51** Some staff have expressed concern about the pace and extent of change in recent years. In light of the scale of changes that may be required in the future, workforce engagement will be a key challenge to ensure that initiatives are fully adopted through involvement of the workforce and others.

