



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## South Wales Fire and Rescue

### Authority

Issued: May 2019

Document reference: 1294A2019-20



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Nick Selwyn, Steve Frank, Euros lake, Matt Brushett, Ron Price and Sara Leahy under the direction of Jane Holownia.

**Adrian Crompton**  
**Auditor General for Wales**  
**Wales Audit Office**  
**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

# Contents

## Summary report

2018-19 performance audit work	4
The Authority is meeting its statutory requirements in relation to continuous improvement	4
Recommendations and proposals for improvement	4
Audit, regulatory and inspection work reported during 2018-19	6

## Appendices

Status of this report	8
Annual Audit Letter	9
National report recommendations 2018-19	12

# Summary report

## 2018-19 performance audit work

- 1 To decide the range and nature of the work we would undertake during the year, we considered how much we already know from all previous audit and inspection work and from other sources of information including South Wales Fire and Rescue Authority's (the Authority) own mechanisms for review and evaluation. For 2018-19, we undertook improvement assessment work; an assurance and risk assessment project and work in relation to the Wellbeing of Future Generations Act at all authorities. At some authorities, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2018-19.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 2](#).

## The Authority is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Authority is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20.

## Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Authority and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - make proposals for improvement – if proposals are made to the Authority, we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection, publish a report and make recommendations; and
  - recommend to ministers of the Welsh Government that they intervene in some way.

- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, we have made a number of proposals for improvement and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

## Audit, regulatory and inspection work reported during 2018-19

Exhibit 2: audit, regulatory and inspection work reported during 2018-19

Issue date	Brief description	Conclusions	Proposals for improvement
May 2019	<p><b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b></p> <p>Examination of the extent to which the Authority has acted in accordance with the sustainable development principle when taking steps to meet the following wellbeing objective[s]:</p> <p>‘Partnership working on Safe and well Assessments/Visits and deliberate fire setting’.</p> <p>As part of this review we also completed a partnership survey and assessed the effectiveness of the Authority’s partnership work under the Safe and Well and Arson reduction partnerships. The findings of these reviews were reported within our WFG examination.</p>	<p><b>The Authority has positive examples of how it has taken account of the Sustainable Development Principle when taking steps to meet objectives, but further work is required to widen and mainstream how it is delivering the five ways of working:</b></p> <ul style="list-style-type: none"> <li>• the Authority has a track record of <b>long-term</b> prevention activity driven by good intelligence but greater use of forecasting data and addressing funding challenges will strengthen its long-term focus and resilience;</li> <li>• the Authority has some good examples of how it is <b>integrating</b> to improve impact but there is scope to further integrate services, plans and strategies;</li> <li>• the Authority has some positive examples of how it <b>involves</b> communities in reducing arson and deliberate fire setting but has more work to do to mainstream involvement to help deliver wellbeing objectives;</li> <li>• the Authority can demonstrate the positive impact of its <b>collaborations</b> with some key partners and avoiding duplication and improving the strategic framework for collaboration will secure further benefits; and</li> </ul>	<p>Whilst our examination did not make any recommendations, our report did set out opportunities for improvement. These include:</p> <ul style="list-style-type: none"> <li>• considering how to address ongoing capacity issues and short-term funding challenges as some plans are overly focused on short term gains;</li> <li>• improving the quality, sharing and availability of data to determine current levels of community resilience and the outcomes the Authority is aiming for;</li> <li>• systematic evaluation of prevention initiatives to help pinpoint impact;</li> <li>• further integration of plans and strategies;</li> <li>• setting out a strategic approach to collaborations including conditions of exit;</li> </ul>

Issue date	Brief description	Conclusions	Proposals for improvement
		<ul style="list-style-type: none"> <li>• <b>prevention</b> is at the heart of the work of FRAs and the Authority has good examples of its positive work. Strengthening evaluation will help avoid duplication and maximise impact.</li> </ul>	<ul style="list-style-type: none"> <li>• improving Involvement and making the results of engagement a strategic resource; and</li> <li>• capacity issues caused by servicing PSBs needs to be managed.</li> </ul>
February 2019	<b>Annual audit letter 2017-18</b> Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in <a href="#">Appendix 2</a> .	<ul style="list-style-type: none"> <li>• The Authority complied with its responsibilities relating to financial reporting and use of resources.</li> <li>• I issued an unqualified audit opinion on 26 February 2019.</li> <li>• I am satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</li> </ul>	None
<b>Improvement planning and reporting</b>			
June 2018	<b>Wales Audit Office annual improvement plan audit</b> Review of the Authority's published plans for delivering on improvement objectives.	The Authority has complied with its statutory improvement planning duties.	None.
November 2018	<b>Wales Audit Office annual assessment of performance audit</b> Review of the Authority's published performance assessment.	The Authority has complied with its statutory improvement reporting duties.	None.

# Appendix 1

## Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

# Appendix 2

## Annual Audit Letter

Councillor D T Davies  
Chair of the South Wales Fire and Rescue Authority  
Forest View Business Park  
Llantrisant CF72 8LX

**Reference:** 1059A2019-20

**Date issued:** 26 February 2019

Dear Councillor Davies

### Annual Audit Letter – South Wales Fire and Rescue Authority 2017-18

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

### The Authority complied with its responsibilities relating to financial reporting and use of resources

It is South Wales Fire and Rescue Authority's (the Authority's) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a statement of accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 25 September 2018 I issued:

- an unqualified audit opinion on the 2017-18 accounting statements of the Fire Fighters' Pension Fund; and
- an unqualified audit opinion on the 2017-18 accounting statements of the Authority.

My audit report is set out at pages 26 to 28 of the audited Statement of Accounts<sup>1</sup>. Prior to my certification of the 2017-18 accounting statements, on 24 September 2018 the key matters arising from my audit were reported to the members of the Authority through my Audit of Financial Statements Report<sup>2</sup>. In addition to reporting my intention to issue an unqualified opinion and noting the corrections made to the financial statements, I also reported one significant matter relating to the potential unlawfulness of payments made under the Firefighters' pension scheme prevented me from closing the audit.

On 11 February 2019 the Authority's Members approved the recommendations to resolve the Firefighter pension scheme issue and I have now received outstanding documentation. I am content with the approach taken by the Authority and on 26 February I reissued my audit opinion, additionally including a certificate confirming that the audit of the 2017-18 accounting statements was complete.

**I am satisfied that the Authority had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

My consideration of the Authority's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounting statements, as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. Since my issue of the 2016-17 Annual Audit Letter in November 2017, under the Measure I have issued my Annual Improvement Report 2017-18.<sup>3</sup>

Based on the results of my work I am satisfied that for 2017-18 the Authority had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

<sup>1</sup> <https://www.southwales-fire.gov.uk/app/uploads/2018/04/Statement-of-Accounts-2017-18-FINAL.pdf>

<sup>2</sup> <https://www.southwales-fire.gov.uk/app/uploads/2018/04/SWFRA-Audit-of-Financial-Statements-Report-Final.pdf>

<sup>3</sup> <http://audit.wales/system/files/publications/swfra-air-eng.pdf>

The final financial audit fee for 2017-18 is £63,201, which is £6,179 more than the estimate that I communicated to you in the 2018 Audit Plan. The final fee includes legal fees of £3,050<sup>4</sup>, which is the Authority's third share (the other shares will be billed to North and Mid and West Wales Fire Authorities) of the external legal costs that we incurred in obtaining legal advice on the matters relating to the Fire Fighters' Pension Fund.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'MJ', followed by a horizontal line.

Mark Jones

**For and on behalf of the Auditor General for Wales**

cc. Huw Jakeway, Chief Fire Officer  
Sally Chapman, Deputy Chief Officer  
Chris Barton, Treasurer and Section 151 Officer

<sup>4</sup> The legal fees attract VAT, which is included in the £3,050.

# Appendix 3

## National report recommendations 2018-19

### Exhibit 3: national report recommendations 2018-19

Summary of proposals for improvement relevant to local government, included in national reports published by the Wales Audit Office, since publication of the last AIR.

Date of report	Title of review	Recommendation
November 2018	<u>Local Government Services to Rural Communities</u>	R1 Socio economic change, poor infrastructure and shifts in provision of key services and facilities has resulted in the residualisation of communities in rural Wales. <b>We recommend that the Welsh Government support public bodies to deliver a more integrated approach to service delivery in rural areas by:</b> <ul style="list-style-type: none"><li>• refreshing rural grant programmes to create sustainable financial structures, with multi-year allocations; and</li><li>• helping people and businesses make the most of digital connectivity through targeted and more effective business and adult education support programmes.</li></ul>

Date of report	Title of review	Recommendation
November 2018	<u><b>Local Government Services to Rural Communities</b></u>	<p>R2 The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). <b>We recommend that PSB public services partners respond more effectively to the challenges faced by rural communities by:</b></p> <ul style="list-style-type: none"> <li>• <b>assessing the strengths and weaknesses of their different rural communities using the Welsh Government’s Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability; and</b></li> <li>• <b>ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for ‘place’ with joint priorities co-produced by partners and with citizens to address agreed challenges.</b></li> </ul>

Date of report	Title of review	Recommendation
November 2018	<u><b>Local Government Services to Rural Communities</b></u>	<p>R3 To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). <b>We recommend councils provide a more effective response to the challenges faced by rural communities by:</b></p> <ul style="list-style-type: none"> <li>• <b>ensuring service commissioners have cost data and qualitative information on the full range of service options available; and</b></li> <li>• <b>using citizens' views on the availability, affordability, accessibility, adequacy and acceptability of council services to shape the delivery and integration of services.</b></li> </ul>

Date of report	Title of review	Recommendation
November 2018	<u><a href="#">Local Government Services to Rural Communities</a></u>	<p>R4 To help sustain rural communities, public services need to act differently in the future (see paragraphs 3.1 to 3.12). <b>We recommend councils do more to develop community resilience and self-help by:</b></p> <ul style="list-style-type: none"> <li>• working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models;</li> <li>• providing tailored community outreach for those who face multiple barriers to accessing public services and work;</li> <li>• enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more;</li> <li>• encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services;</li> <li>• enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen; and</li> <li>• improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.</li> </ul>

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: [post@archwilio.cymru](mailto:post@archwilio.cymru)

Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)