

Annual Improvement Report 2016-17

Mid and West Wales Fire and Rescue Authority

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Andy Bruce, Ron Price and Mark Jones under the direction of Jane Holownia.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

2016-17 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including Mid and West Wales Fire and Rescue Authority's (the Authority) own mechanisms for review and evaluation. For 2016-17, we undertook improvement assessment work at all authorities including improvement planning and reporting. At some authorities, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2016-17.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 1](#).

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 2017-18.

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, and publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.

- 5 The audit of the 2015-16 financial statements remains ongoing. Given the history of the past versions of the 2015-16 financial statements, it is imperative that the Authority takes clear and agreed actions to ensure that the updated draft financial statements are prepared to a satisfactory standard, are true and fair, and are fit for audit. Given the importance of the actions needed, on 26 October 2017 the Auditor General raised three statutory recommendations as set out below. The Auditor General's letter is in [Appendix 2](#). The Authority considered the recommendations at its meeting on 11 December 2017. At this meeting, the Authority accepted the recommendations and agreed to the actions being taken by officers. We will evaluate the progress made by the Authority as part of our audit of the 2015-16 financial statements, which recommences in January 2018.

Exhibit 1: statutory recommendations made in the year

Statutory recommendations made by the Auditor General during the course of the year are set out below.

Statutory recommendations made in the year	
R1	Mid and West Wales Fire and Rescue Authority must put clear and robust actions in place for the review of the updated financial statements, which should be undertaken in good time so that any amendments are identified early and can be corrected prior to the submission of the version 14 statements to the Wales Audit Office.
R2	Mid and West Wales Fire Authority must prepare a quality-control document to support, evidence, and sign off the review of the statements that are due to be submitted to the Wales Audit Office.
R3	Mid and West Wales Fire Authority must provide the Wales Audit Office with a copy of its intended actions for the quality assurance review of the revised statements and supporting audit trail.

- 6 The audit of the 2016-17 financial statements will commence once we have completed the audit of the 2015-16 financial statements.
- 7 We have made a number of proposals for improvement, which we repeat in this report. We will monitor progress against the Auditor General's recommendations, proposals for improvement, and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2016-17

Exhibit 2: audit, regulatory and inspection work reported during 2016-17

Description of the work carried out since the last AIR, including that of the relevant regulators, where relevant.

Issue date	Brief description	Conclusions	Proposals for improvement
Use of resources			
October 2017	Annual audit letter 2015-16 Our audit of the 2015-16 accounts is ongoing and we have therefore been unable to prepare and issue the annual audit letters for 2015-16 and 2016-17.	The annual audit letters for 2015-16 and 2016-17 will be issued when the audits of the 2015-16 and 2016-17 financial statements are complete, respectively.	See paragraph 5 above.

Issue date	Brief description	Conclusions	Proposals for improvement
Local risk-based performance audit			
October 2017	Review of asset management arrangements	<p>Clear governance arrangements help the Authority to manage its land and building assets effectively although there is further scope to improve. We reached this conclusion because:</p> <ul style="list-style-type: none"> • clear governance arrangements help the Authority to manage its land and building assets, and the introduction of a new asset management system allows condition data to be more accurately stored and updated; • buildings are fit for purpose and well maintained and the Service actively looks to collaborate and co-locate with other emergency services; and • the Authority regularly evaluates its investment in land and buildings but does not measure progress against similar organisations. 	<p>Strengthen asset management arrangements by:</p> <p>P1 Agreeing common measures with the other Welsh Fire and Rescue Authorities to assess key indicators around land and buildings to enable comparison of performance and the identification of developing trends.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
Improvement planning and reporting			
July 2016	<p>Wales Audit Office annual improvement plan audit</p> <p>Review of the Authority's published plans for delivering on improvement objectives.</p>	The Authority has complied with its statutory improvement planning duties.	None.
November 2016	<p>Wales Audit Office annual assessment of performance audit</p> <p>Review of the Authority's published performance assessment.</p>	The Authority has complied with its statutory improvement reporting duties.	None.

Issue date	Brief description	Conclusions	Proposals for improvement
Improvement planning and reporting			
2015-16 Follow-up work	<p>During 2015-16, we reviewed the Authority's fire safety arrangements to assess the way in which activity was planned; how it was being delivered and, whether the efficiency and effectiveness of activity could be evaluated. Our report was issued in August 2016.</p> <p>The following proposals for improvement were made:</p> <p>P1 At national level develop and agree principles on how to evaluate the success and outcomes of current interventions, events and prevention work that has regard to:</p> <ul style="list-style-type: none"> • Relevance – the extent to which interventions produce meaningful outcomes. • Capacity and capability – the effective use of resources. • Efficiency – a measure of how resources and inputs are converted into results and outcomes. • Effectiveness – the extent to which interventions were achieved or are expected to be achieved taking into account their relative importance. • Sustainability – continuation of benefits after initial inputs have been completed. The probability of long-term benefits. • Value for money – how does one input cost get balanced with other initiatives. • Equalities issues. 	<p>The Authority accepted the fire safety arrangements report in October 2016. The Authority has made the following progress:</p> <p>P1</p> <p>The Authority has a range of evaluation processes in place to monitor prevention interventions in order to shape future strategy and deliver relevant and effective engagement. At a National level, the National Issues Committee (NIC) an all Wales Home Safety Group has a Delivery Plan for 2016-2019 that includes an action 'To research future methods of evaluation of service delivery outcomes and to progress the identification of success criteria in home safety delivery.' This work will continue until March 2018, but existing improvements include quantitative and qualitative mapping of referrals and vulnerability groups to ensure all risk types are covered. This involves, but is not limited to, measuring the social value of making every contact count with diversification of Home Safety Checks balanced against the cost of delivery. An evaluation of the Authority's Safe Well and Independent Living (SWAIL) project with the current partner involvement has provided a very positive response. The Welsh Fire Authorities are looking into the feasibility of reflecting the social return on investment across campaigns and partnerships as part of the All Wales Fire and Rescue Service community safety approach. Equalities information is collected as part of the Service's People we serve questionnaire which is provided at appropriate intervention opportunities.</p>	<p>We will continue to monitor progress as part of our 2017-18 improvement assessment.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
Improvement planning and reporting			
2015-16 Follow-up work	P2 At national level, establish arrangements with the Welsh Ambulance Services NHS Trust (WAST) and relevant health boards to identify the extent of unreported injuries resulting from fires to enable identification of potentially vulnerable people or higher risk premises.	<p>P2 The Welsh Ambulance Services NHS Trust (WAST) and Hywel Dda University Health Board (HCUHB) are part of the multi-agency Safe, Well and Independent Living (SWAIL) project led by the Fire Service. When the visits are fully developed, WAST and HCUHB case workers will be able to enhance the level of health, wellness and independent living information currently being referred from each visit. During 2017, a new partnership has been established with the Burns Unit in Morriston Hospital, Swansea so that not only can the Burns Unit refer burns victims to the Service but they can also share valuable information on the nature and the cause of these injuries. Local referral arrangements with the teaching Health Boards are supported by appropriate information sharing protocols and the arrangements are subject to a review during 2018 to ensure that any changes or developments within the Authority's partners' structures are captured.</p> <p>The establishment of Public Service Boards (PSB) across Wales and in particular the Fire Service area will provide additional opportunities to work with statutory partners, in particular the health boards and PSB partners such as the Welsh Ambulance Services NHS Trust to help with delivery of each of the PSBs' Well-being Plans.</p>	We will continue to monitor progress as part of our 2017-18 improvement assessment.

Issue date	Brief description	Conclusions	Proposals for improvement
Improvement planning and reporting			
2015-16 Follow-up work	P3 The Authority should: <ul style="list-style-type: none"> • in conjunction with the revised staffing establishment of the Business Fire Safety Department, establish a Service Plan that sets the vision for the Service Business Fire Safety deliverables and the means by which they can be evaluated; and • develop strategic plans for fire-safety activity that have regard to future funding streams 	<p>P3</p> <p>A number of factors, including an increase in natural retirements and the ongoing development of staff to ensure that the department remains at full capacity wherever possible, determines the resourcing of the Business Fire Safety department. To limit the impact of staff shortfalls especially with fire safety roles that require specialist qualifications, competencies and experience, is assessed by the Fire Service to fill vacancies where they arise. On occasion, personnel transferred from other Fire and Rescue Services have filled such posts, and this ensures that the impact on continuity of service delivery is minimised. The Fire Service is currently undertaking a service review of all its functions to include the Business Fire Safety Department. The review will be supported by an options appraisal process, which is due to be published by the end of 2017, and will potentially seek to identify business process efficiencies that will take account of the department's staffing establishment.</p> <p>The delivery of the Fire Service's Business Fire Safety function is determined by the Fire Service's statutory obligations. A group consisting of all three Welsh fire authorities and the all-Wales Community Risk reduction Committee oversees the all Wales Business Fire Safety (BFS) delivery plan. The arrangements and objectives are set out at both local and strategic levels, and are reported regularly to the Fire Authority's PASC Committee, the all-Wales Business Fire Safety Group and/or at the all-Wales Community Risk Reduction Committee.</p> <p>A three to five-year prevention and protection strategy for the Fire Service is being developed, which is due to be published by April 2018. The strategy will bring greater focus on the range of business improvement arrangements for the BFS function and will include:</p> <ul style="list-style-type: none"> • Primary Authority Schemes • Better evaluation • Performance management • Benchmarking performance through peer reviews with other Welsh Fire Authorities <p>An all Wales Operational Assurance (AWOA) Peer Assessment process will support and recommend improvements in the way the Fire Service conducts business fire-safety activity to facilitate improvement.</p>	

Issue date	Brief description	Conclusions	Proposals for improvement
Reviews by inspection and regulation bodies			
July 2017	<p>Chief Fire and Rescue Adviser</p> <p>During early 2017, the Chief Fire and Rescue Adviser conducted a thematic review:</p> <p>Learning lessons to avoid safety critical incidents – How well do Fire and Rescue Authorities in Wales learn lessons from incidents to improve public and firefighter safety</p>	<p>A review was undertaken of the three Fire and Rescue Authorities (FRAs) which focused on how well they analysed accidents and near misses, and disseminated lessons learned to their employees.</p> <p>The report highlights areas of good practice and provides recommendations for improvement to ensure FRAs build on the identified learning to continually improve their processes.</p> <p>The full report is available on the Chief Fire and Rescue Adviser's website.</p>	<p>The following recommendations were made:</p> <ol style="list-style-type: none"> Once an initial gap analysis has been undertaken following the receipt of learning from an external source, FRAs should ensure that the process is properly recorded. The recording of the decision making process in relation to adopting, or not adopting, national recommendations is essential. FRAs should ensure that risk critical learning is cascaded through the organisation in a timely manner, focusing on those staff to whom the learning will have the greatest benefit from a risk reduction perspective. FRAs should ensure that the mediums used to communicate learning to various staff groups is appropriate to their needs, clearly sets out the reasons for bringing it to their attention and is told in a format and manner that will be retained by the audience. Consideration should also be given to building in a 360 degree approach to inform those raising issues when significant changes are to be made. FRAs should look to introduce quality assurance systems that regularly test how well risk critical learning is received and retained. FRAs should ensure that the wealth of information derived through the Hot Debriefing processes is captured and shared where appropriate. FRAs should review their ARA processes to ensure they are fit for purpose and that they feed into the wider processes of capturing organisational learning. FRAs should ensure that learning in risk critical environments is maximised through realistic training especially given the decline in 'fire' incidents over the past few years. It is also important that this training is carried out by personnel working together within their normal crews. The report highlights a number of areas of good practice and where systems being developed show much potential for the future. It is recommended that these systems and processes, in particular those policies on operational monitoring and assurance, are shared through the NIC to adopt a common approach and to avoid duplication of effort.

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 Rowland Rees-Evans
Chair
Mid and West Wales Fire and Rescue Authority
Fire Service Headquarters
Lime Grove Avenue
Carmarthen
SA31 1SP

Reference: AJB332/MJ/mh

Date issued: 26 October 2017

Dear Councillor Rees-Evans

Audit of the 2015-16 financial statements – Auditor General recommendations made under Section 25(2) of the Public Audit (Wales) Act 2004

I am writing to you in respect of the Fire and Rescue Authority's 2015-16 financial statements. Earlier this week Mark Jones updated members and officers attending the Performance, Audit and Scrutiny Committee on my intention to write to you and the reason for doing so. I understand that Mark also had the opportunity to briefly update you further outside of the Committee. Mark updated Kevin Jones last week so that this letter is not received unexpectedly.

I am writing to set out a number of audit recommendations, which I am making on behalf of the Auditor General for Wales under his Public Audit (Wales) Act 2004 powers. I set out and explain the nature of these recommendations later in this letter, but I would first like to briefly recap on aspects of the audit.

You may recall from our discussions in June, and my subsequent letter of 23 June 2017, that we withdrew from the audit in late May and agreed a return date of 11 September 2017. While the withdrawal was not the Authority's preference, it provided finance officers with a period of time to focus on their preparation of a revised set of financial statements (version 12). We recommenced the audit on 11 September as planned, but promptly established that the version 12 statements were materially misstated and of a generally poor quality. Officers therefore sought to produce a version 13 of the statements, which they provided to us on 27 September. However, we again promptly established that these statements were also materially misstated and of a generally poor quality.

In our June discussions and my subsequent letter, I set out my intention to conclude the 2015-16 audit by no later than the end of October 2017, and to certify the audited statements on behalf of the Auditor General for Wales with the appropriate audit opinion (even if that meant certifying statements that were materially misstated, and hence qualified). My focus on closing and certifying the 2015-16 audit in October being a fundamentally important step in enabling all parties to move to the 2016-17 financial statements and in turn to 2017-18.

However, in recent weeks officers asked us not to conclude the 2015-16 audit and certify the version 13 financial statements, but instead to accept a version 14. We advised officers against this option, but nonetheless accepted their preference to have the opportunity to provide us with a version 14.

Going forward on this basis, officers have confirmed that they will provide us with the version 14 financial statements by 2 January 2018, which in their judgment should provide sufficient time to rectify the underlying problems within the financial statements and to improve their overall quality. Due to some of our leave commitments over the Christmas period, the audit is therefore planned to recommence on 8 January.

This brings me to the recommendations that I mentioned at the outset of this letter. Given the history of the past versions of the 2015-16 financial statements, it is imperative that the Authority takes clear and agreed actions to ensure that the version 14 financial statements are prepared to a satisfactory standard, are true and fair, and are fit for audit. In simple terms the version 14 statements must be subject to rigorous and timely review and sign-off by management, prior to their submission for audit.

Given the importance of the actions needed, on behalf of the Auditor General for Wales I am setting out three statutory recommendations under Section 25(2) of the Public Audit (Wales) Act 2004. The Act can be accessed via this link <http://www.legislation.gov.uk/cy/ukpga/2004/23/contents>. The recommendations set out below should be considered in accordance with Section 25(2) of the Act. Under Section 25(4) the Fire Authority must meet within one month of this letter, although under Section 25(6) the Auditor General for Wales may extend this period. I can confirm that the Auditor General is content to extend the period and for the recommendations set out within this letter to be considered by the Authority at its scheduled meeting on 11 December 2017.

I would ask that you confirm whether you want this letter to be considered on 11 December, or at a specially convened meeting before this date.

At the meeting that is held, under Section 25(5) of the Act the Fire Authority must decide whether each recommendation is to be accepted; and what action (if any) to take in response to each recommendation.

The recommendations made under Section 25(2) are set out below

Reference	Recommendation
R1	Mid and West Wales Fire and Rescue Authority must put clear and robust actions in place for the review of the updated financial statements, which should be undertaken in good time so that any amendments are identified early and can be corrected prior to the submission of the version 14 statements to the Wales Audit Office.
R2	Mid and West Wales Fire Authority must prepare a quality-control document to support, evidence, and sign-off the review of the statements that are due to be submitted to the Wales Audit Office.
R3	Mid and West Wales Fire Authority must provide the Wales Audit Office with a copy of its intended actions for the quality assurance review of the revised statements and supporting audit trail.

These recommendations are intended to support the preparation of revised financial statements that are materially true and fair, and are supported by a clear audit trail. In the meantime please feel free to contact me or Mark (07748 181679) if you have any questions or points for clarification.

Yours sincerely

Anthony Barrett

Assistant Auditor General,

On behalf of the Auditor General for Wales

cc: Chris Davies, Chief Fire Officer
Councillor Terry Hennegan, Chair of the Performance, Audit and Scrutiny Committee
Kevin Jones, Assistant Chief Officer
Claire Williams, Section 151 Officer
David Daycock, Clerk and Monitoring Officer
Sarah Mansbridge, Head of Finance

Appendix 3

National report recommendations 2016-17

Exhibit 3 – National report recommendations 2016-17

Date of report	Title of review	Recommendation
October 2016	<u>Community Safety in Wales</u>	<p>The seven recommendations within this report required individual and collective action from a range of stakeholders – the Welsh Government, Home Office Wales Team, police and crime commissioners, public service board members and local authorities:</p> <p>R1 Improve strategic planning to better co-ordinate activity for community safety by replacing the existing planning framework with a national strategy supported by regional and local plans that are focused on delivering the agreed national community-safety .</p> <p>R2 Improve strategic partnership working by formally creating effective community-safety boards that replace existing community-safety structures that formalise and draw together the work of the Welsh Government, police forces, local authorities, health boards, fire and rescue authorities, WACSO and other key stakeholders.</p> <p>R3 Improve planning through the creation of comprehensive action plans that cover the work of all partners and clearly identify the regional and local contribution in meeting the national priorities for community safety.</p> <p>R4 Review current grant-funding arrangements and move to pooled budgets with longer-term funding commitments to support delivery bodies to improve project and workforce planning that focuses on delivering the priorities of the national community-safety strategy.</p> <p>R5 Ensure effective management of performance of community safety by:</p> <ul style="list-style-type: none">• setting appropriate measures at each level to enable members, officers and the public to judge progress in delivering actions for community-safety services;• ensuring performance information covers the work of all relevant agencies; and• establishing measures to judge inputs, outputs and impact to be able to understand the effect of investment decisions and support oversight and scrutiny. <p>R6 Revise the systems for managing community-safety risks and introduce monitoring and review arrangements that focus on assuring the public that money spent on community safety is resulting in better outcomes for people in Wales.</p> <p>R7 Improve engagement and communication with citizens through public service boards in:</p> <ul style="list-style-type: none">• developing plans and priorities for community safety;• agreeing priorities for action; and• reporting performance and evaluating impact.

Date of report	Title of review	Recommendation
January 2017	<u>Local Authority Funding of Third Sector Services</u>	<p>This report made three recommendations, of which two required action from local authorities. Recommendation R3 required action from the Welsh Government:</p> <p>R1 To get the best from funding decisions, local authorities and third-sector bodies need to ensure they have the right arrangements and systems in place to support their work with the third sector. To assist local authorities and third sector bodies in developing their working practices, we recommend that local authority and third-sector officers use the <u>Checklist for local authorities effectively engaging and working with the third sector</u> to:</p> <ul style="list-style-type: none"> • self-evaluate current third sector engagement, management, performance and practice; • identify where improvements in joint working are required; and • jointly draft and implement an action plan to address the gaps and weaknesses identified through the self-evaluation. <p>R2 Poor performance management arrangements are weakening accountability and limiting effective scrutiny of third-sector activity and performance. To strengthen oversight of the third sector, we recommend that elected members scrutinise the review checklist completed by officers, and regularly challenge performance by officers and the local authority in addressing gaps and weaknesses.</p>

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