



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2016-17

North 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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Together with appointed auditors, 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.

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 North 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 During the course of the year, the Auditor General did not make any formal recommendations. However, a number of proposals for improvement have been made 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 2016-17

Exhibit 1: audit, regulatory and inspection work reported during 2016-17

Issue date	Brief description	Conclusions	Proposals for improvement
Use of resources			
November 2016	<p>Annual Audit Letter 2015-16</p> <p>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 Appendix 2 of this report.</p>	<ul style="list-style-type: none"> The Authority complied with its responsibilities relating to financial reporting and use of resources. I am satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. 	None

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 Clearly defining the roles and responsibilities for decision making for asset management and within the Authority's Annual Governance Statement.</p> <p>P2 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	Wales Audit Office annual improvement plan audit Review of the Authority's published plans for delivering on improvement objectives.	The Authority has complied with its statutory improvement planning duties.	None.
November 2016	Wales Audit Office annual assessment of performance audit Review of the Authority's published performance assessment.	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 fire safety arrangements report was accepted by the Authority Executive Panel meeting on October 2016.</p> <p>The Authority has made the following progress:</p> <p>P1</p> <p>During the debrief meeting with the report authors, it was acknowledged that evaluation is an area of weakness in fire and rescue services across Wales and the UK. This is in part due to a number of reasons, as well as the difficulty in making the link between prevention activities and a reduction in incidents. The Authority has identified that combinations of prevention activities have a positive effect on reducing incidents, deaths and injuries, but it becomes very difficult to evidence which activity has been more successful, as they are attempting to measure something that has not happened.</p> <p>Due to these difficulties, specific examples of any good practice evaluations or methodologies were not identified.</p> <p>It has therefore been difficult to develop and agree principles across Wales. The Authority has however, continued to develop its own skills in relation to evaluation and now evaluates all of its large-scale prevention campaigns or activities. The need for robust evaluations is embedding in the working practices of all project work. Evaluation is now considered from the outset, and clear performance measures contained within the initial terms of reference or project initiation documentation.</p>	<p>We will continue to monitor progress as part of our 2017-18 improvement assessment.</p>

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Improvement planning and reporting			
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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>Discussions with Welsh Ambulance Services NHS Trust (WAST) and Health Board have suggested that there is not a problem with unreported injuries resulting from fires. As the Joint Control Centre now benefits from having representatives from all three emergency services following the recent addition of clinicians, staff members are able to more easily communicate and make each other aware of any incidents that may be of interest or have an impact on each other. As a result it is highly unlikely that WAST would transfer a patient who had suffered burns in a fire to hospital without letting the Fire and Rescue Service know.</p> <p>There may be occasions when fire burns victims self-present at Accident and Emergency departments, and discussions with local trusts have been held to confirm the need to notify the Fire and Rescue Service so that post-fire follow-up can be undertaken. It is more likely that burns victims who self-present have sustained their injuries by means other than fire, including irons and hair straighteners. Because of these arrangements and the perceived low level of risk in North Wales, it is considered that no further action is required in relation to this proposal.</p>	We will continue to monitor progress as part of our 2017-18 improvement assessment.

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. 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"> 1. 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. 2. 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. 3. 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. 4. FRAs should look to introduce quality assurance systems that regularly test how well risk critical learning is received and retained. 5. FRAs should ensure that the wealth of information derived through the Hot Debriefing processes is captured and shared where appropriate. 6. 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. 7. 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. 8. 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 Meirick Lloyd Davies
Chair of the North Wales Fire and Rescue Authority
Ffordd Salesbury
St Asaph Business Park
St Asaph
Denbighshire
LL17 OJJ

Reference: 648A2016

Date issued: November 2016

Dear Councillor Lloyd Davies

Annual Audit Letter - North Wales Fire and Rescue Authority 2015-16

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 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 27 September 2016 I issued an unqualified audit opinion on the financial statements confirming they present a true and fair view of the Authority's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to the members of the Audit Committee on 12 September 2016 and also to Fire Authority members on 19 September through my Audit of Financial Statements Report. The most important audit matters were:

- There were a number of significant issues relating to the maintenance of the asset register. In particular, there is insufficient detail on the individual assets classified as operational and IT equipment. In addition, the financial information held in the asset register needs to be strengthened to ensure that accounting entries are fully supported.
- The Authority had not accounted for all its income and expenditure in its primary statements which resulted in a material misstatement to the financial statements in both 2015-16 and the prior period.

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2016.

I am satisfied that the Authority has 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 accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

As a result of the issues identified during the audit we had to carry out a significant amount of additional work, particularly in order to gain sufficient audit assurance over the Authority's non-current assets. Consequently, fees of £15,500 will be charged in addition to the fee estimate of £34,500 set out in the Annual Audit Plan for 2015-16. The fee estimate for 2016-17 will be set within the fee-scale parameters for the fire and rescue authorities, which are set out in the Wales Audit Office's published Fee Scheme 2016-17.

Yours sincerely

Mark Jones

For and on behalf of the Auditor General for Wales

cc. Simon Smith, Chief Fire Officer
Dawn Docx, Deputy Chief Fire Officer

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 priorities.</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	Local Authority Funding of Third Sector Services	<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 Checklist for local authorities effectively engaging and working with the third sector 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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