



County Durham and Darlington
Fire and Rescue Authority

INTERNAL AUDIT REPORT

Review of the Efficiency and Effectiveness of the Fire Authority

(Ref No: 42545/2017)

Final Report

Assurance Opinion:	Substantial
Prepared by:	Stephen Carter, Audit and Fraud Manager
Reviewed by:	Paul Monaghan, Audit and Fraud Manager
Date issued:	09 March 2017
Distribution List	
For Action:	Stuart Errington, Chief Fire Officer
For Information:	Colin Bage, Deputy Chief Fire Officer, Tony Hope, Head of Corporate Resources Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager Clare Pattinson, Clerk to the Fire Authority

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EXECUTIVE SUMMARY

INTRODUCTION

1. As part of the 2016/17 Internal Audit Plan, an unplanned audit was carried out between November 2016 and February 2017 to evaluate the efficiency and effectiveness of the Fire Authority.
2. The request for the review was made by the Chief Fire Officer and followed approval at the Combined Fire Authority meeting of 08 September 2016. This is the first review carried out in this area and considered the following seven questions:
 - The cost of running the Authority in comparison to other Combined Fire Authorities (CFAs);
 - Membership of the Authority;
 - How effective the Authority is in relation to scrutinising the decisions of officers;
 - How effective the Authority is in relation to scrutinising the performance of the Service;
 - How willing and able is the Authority to make difficult decisions;
 - How effective the Authority is in relation to engaging with key stakeholders including: staff; key partners; and the community; and
 - How effective the Authority is in driving collaboration.

WORK CARRIED OUT

3. In considering the efficiency and effectiveness of the Authority, Internal Audit undertook a desktop review of evidence that had either been provided directly by the Service or that had been extracted from the Fire Service's website.
4. In addition, and in order to gain a better understanding of the workings of the Authority in practice, Internal Audit attended meetings of the Combined Fire Authority held on 24 November 2016 and 09 February 2017.
5. In order to confirm arrangements in relation to some specific matters where further clarification was required, meetings were held with the CFA Chair and Vice Chair and the Fire Service, Head of Corporate Resources.
6. Outcomes from the review are further detailed in the Summary of Findings Section that follows.

SUMMARY OF FINDINGS

The cost of running the Authority in comparison to other Combined Fire Authorities (CFAs)

7. This aspect of the review relied, in part, upon evidence compiled by Cleveland Fire Authority that had compared costs of 23 Combined Fire Authorities in England in 2015/16. This was extended to include information from the Tyne and Wear Fire Authority as a neighbouring Authority (Northumberland Fire Authority data was not available), that had not formed part of the analysis that Cleveland had undertaken.
8. Analysis of the cost of basic allowances for Combined Fire Authority elected members (Table 1), and combination of allowances rates with the number of elected members (Table 2) provides an indicative cost that places the Authority as one of the lowest in that group at that time and similar in terms of overall cost when compared against the Cleveland and Tyne and Wear Fire Authorities.

Membership of the Authority

9. This aspect of the review relied upon Internal Audit's own review of data held on individual Fire Authority websites that extracted the number of Members on each Authority and in an analysis of Member attendance at meetings. The review also took into consideration evidence provided by the Service that was verified by a review of papers held on the Authority's website, attendance at CFA meetings on 24 November 2016 and 09 February 2017 and a subsequent meeting with the CFA Chair and Vice Chair.
10. Analysis provided in Appendix A showed that with 25 representatives (average 20), the Authority has one of the larger numbers of elected members when compared against the Fire Authorities in England whose information was extracted and including the Cleveland and Tyne and Wear Fire Authorities (Table 3). This number does reflect, however, the electoral representation and political balance within the two constituent Authorities of Durham and Darlington and is considered to provide an effective support to the Governance of the Committee Structure that sits below the CFA.
11. A review of Member attendance at the 12 meetings of the CFA held between 01 April 2015 and 31 December 2016 identified what is considered to be an excellent average attendance rate of 80%.
12. Investment in Member development is good, as shown by how the Service responded to the following recommendation made through a peer review process in 2010, in relation to elected members, "support members to develop a better understanding of their leadership role, to ensure they can play a fuller leadership role and constructively challenge officers in order to continually improve the service".

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13. By 2014 the peer review undertaken found that “CDDFRS’s Combined Fire Authority (CFA) has a mature approach and level of understanding of the needs of the organisation. The Service is self-aware about the scale of the challenges it faces and staff across the organisation have a positive approach to transformation. CFA members are well aware of the challenges the Service, like all others, is facing”.
14. Further to the peer review, as a positive development of the role of its Members, the CFA Chair and Vice Chair described how development plans are prepared for Members and training is provided as a means to increasing their understanding of operational aspects of the Fire Service.
15. In the first of two further developments with the same intended aim, the Authority created roles for Member Champions covering eight key activities where Members lead on initiatives. In the second, Member Affiliations with their local stations provides Members with the opportunity to meet operational firefighters and discuss issues with them face to face.
16. Direct observation confirmed that the meetings were well attended with representatives from both Darlington Borough and Durham County Councils present. Members showed an interest in and understanding of each of the issues at hand and shared relevant information they have gathered through their experience including wider attendance at conferences and regional groups. There was a good level of debate with challenge provided throughout. The CFA Chair led the meetings effectively, in moving through the Agenda whilst dedicating time required to consider the reports presented and summarising / confirming discussions for Member approval.
17. The Policing and Crime Act 2017 received Royal Assent on 31 January 2017 and could potentially impact on the governance arrangements for Fire and Rescue Services. Chapter 2 of the Act provides for Policing and Crime Commissioners (PCCs) to take on responsibility for the governance of fire and rescue in their area, and thus become Police, Fire and Crime Commissioners (PFCCs). There does not appear to be a will at a local level in County Durham and Darlington to consider transferring the governance of the Fire and Rescue Service to the PCC. Where a PCC does not take responsibility for the governance of fire and rescue the Act will enable them to be represented on a Fire and Rescue Authority (FRA) and treated as a member of that Authority with voting rights, where the FRA agrees. The Authority will need to consider its position should such a request be made from the PCC in County Durham and Darlington. Advice from the Clerk may need to be sought about the implications of the PCC becoming a member of the Authority and the associated impacts on political balance and the overall make-up of the membership of the Authority. The membership requirements of the Authority are set in the Combination Order and therefore any proposed amendments would need approval by the Secretary of State.

How effective the Authority is in relation to scrutinising the decisions of officers

18. The Authority considers a wide range of papers covering numerous activities, these include quarterly updated reports from the Chairs of the Audit and Risk, Policy & Performance Review and Finance & General Purposes Committees as well as one off or update reports (feedback on current / previously reported issues or initiatives) that are specific to the service at that time.
19. Attendance at the CFA meeting on 24 November 2016 provided an opportunity for an assessment of reports that scrutinised the decisions of officers relating to Integrated Risk Management Plan Consultation 2017-18; evaluation of Community Safety Responders; Service Restructure and Estates Improvement Programme and a Decision to opt in to the National Scheme for (External) Auditor Appointments. Attendance at the CFA meeting on 09 February 2017 provided the opportunity to observe decision making in relation to the 2017/18 budget.
20. It is considered that for both meetings, each paper was fully discussed with Members providing relevant questions and comments in seeking to scrutinise the decisions of officers.

How effective the Authority is in relation to scrutinising the performance of the Service

21. The Authority considers matters relating to Service performance across a wide range of papers. Central to these are Service performance reports where regular updates are provided and challenged, the development and agreement of the Annual Governance Statement as well as more specific reports that impact upon service delivery.
22. Attendance at the Combined Fire Authority meeting on 24 November 2016 provided an opportunity for an assessment of reports that scrutinised the performance of the Service that included the Integrated Risk Management Plan Consultation 2017-18; Evaluation of Community Safety Responders; Service Restructure and Estates Improvement Programme. Attendance at the Combined Fire Authority meeting on 09 February 2017 considered performance both as part of the budget setting process and through a comparison with other Fire Authorities as identified within the Operational Statistics Bulletin for England: 2015-16.
23. It is considered that for both meetings, each paper was fully discussed with Members providing relevant questions and comments in seeking to scrutinise Service performance.

How willing and able is the Authority to make difficult decisions

24. Extensive evidence was provided that demonstrated where the Authority was willing and able to make difficult decisions going back over a number of years. This included in 2010, a programme of Service Transformation that aimed to take a long term view of efficiency savings whilst also sustaining or improving performance that required extensive changes to working arrangements and which resulted in the introduction in 2012 of a new shift system for wholetime staff.
25. In 2010 the Authority also agreed redundancy policy and procedures with trade unions and has since implemented significant staffing reductions including 29% of Corporate Staff and 19% of Operational Staff. To achieve these savings, without reducing fire appliances or fire stations, the Authority has approved the introduction of Operational Response Changes such as Day Crewing Plus stations, alternative staffing arrangements for the Aerial Ladder Platform, Additional Voluntary Hours Contracts, mixed crewing and flexible staffing of appliances.
26. In Modernising Terms and Conditions for staff, the Authority has introduced a range of modern and flexible terms and conditions that often are outside of the nationally agreed arrangements and require local agreements or an acceptance from staff and trade unions. Initiatives include the introduction of annualised hours, Additional Voluntary Hours / Occupational Cover Contracts, Retained Duty System (RDS) Detachments and a modernisation of the terms and conditions of control room staff.
27. The Authority approved in 2011 a Resilience Plan long before the national industrial action in relation to changes to the firefighters' pension schemes was a threat. The Authority examined a range of options before approving the use of officers in the event of staff shortages, for example through industrial action.
28. Approval at the CFA meeting on 24 November 2016, the agenda of which included a consideration of the outcomes from the Adrian Thomas Review and Service Restructure considering ER/VR Applications and budget setting at the meeting 09 February 2017 as evidenced by Internal Audit, further supported the Authority's willingness to make difficult decisions.

How effective the Authority is in relation to engaging with key stakeholders including: staff; key partners; and the community

29. In relation to engagement in its broadest terms, evidence was sighted of the annual public consultation that takes place to help the Service plan for the future in light of cuts to government grant funding.
30. In relation to engaging with the community, Open Days held on specific dates across all stations provide the public with an opportunity to meet Members and Senior Officers of both the Fire Service and Durham Constabulary.

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31. Evidence of two public events that took place in December 2016 in relation to the new emergency services 'quad station' in Barnard Castle was also sighted on the Fire Service website where on this occasion representatives from the Fire Service and the Chair of the Fire Authority were present to answer questions from the public.
32. Evidence was also sighted on the website providing the public with Advice on Safety in the Home and in the Community, how to Request a Safe and Wellbeing Visit, how to test house smoke alarms and how the Service is backing a campaign to make it a legal requirement for all landlords to fit smoke alarms in their properties.
33. In engaging with staff, the CFA Chair and Vice Chair described in some detail their visits to Fire Stations around County Durham & Darlington. They explained how they meet with operational firefighters to discuss their issues and concerns and for firefighters' thoughts and feedback on changes proposed / made and described attendance at training facilities that enabled them to better understand the challenges firefighters face. They described work undertaken with young firefighters, through the Fire Break Scheme involving teenagers who have become disillusioned with formal education to learn new skills to help build their confidence and esteem and engage in a team building environment with firefighters acting as role models

How effective the Authority is in driving collaboration

34. A review of evidence provided and reference to the Fire Service website demonstrated how the Authority looks to progress collaboration opportunities where they exist with a stated aim of delivering better value for money, maintaining or improving services provided or in reducing demand on local services and reducing the risks within the communities.
35. Outside of its national and regional collaborations with other Fire Services in procurement, collaboration is most noticeable within Blue Light Services and particularly, in working with the Durham Constabulary where the Authority has signed a Statement of Intent for Enhanced Collaboration and where substantive evidence exists in the form of the joint Fire/Police Station at Newton Aycliffe, shared operational command training at Bowburn, and Community Safety Offices at Stanhope.
36. The Service was also one of 37 projects across England and Wales to be given a share of a £75M Fire Transformation Fund. The award from this was used to build a joint emergency services station to house fire, police and ambulance services, as well as the Teesdale and Weardale Search and Mountain Rescue Team. This 'quad service' station, as it has been dubbed, will be the first to be built in the country.
37. The Authority has looked to progress collaboration with the Health Service which assists with the targeting of education and prevention work and provides Safe and Well checks for some of the most vulnerable in the community.

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38. A six month National Joint Council (NJC) trial, in relation to the provision of Emergency Medical Response (EMR) with the North East Ambulance Service (NEAS), which began in February 2016, has also been extended by six months. This was evidenced at the CFA meeting on 09 February 2017 which considered an options paper on alternatives post trial and more directly at a Chief Fire Officer's Commendation ceremony where Officers of Green Watch acting as Emergency Responders in a situation where an ambulance was unable to attend a life threatening situation had resulted in their saving the life of a local resident. Representatives from NEAS had been present at the award to speak about the collaboration arrangements in place.
39. Internal Audit attendance at the CFA meeting on 24 November 2016, confirmed that the Agenda included an item that linked directly to collaboration in its Evaluation of Community Safety Responders (CSRs), a project supported by a funding award from the Home Office Innovation Fund in 2015 and deployed in the Stanhope area. CSRs perform the roles of a Police Community Support Officer, Retained Duty System Firefighter and Co-responder on behalf of NEAS. This is a collaboration between, Fire, Police and NEAS with Police and Fire being the two lead agencies. The project is quoted as being best practice by the Home Office and is to be mainstreamed with a view to expanding the approach in rural areas in the West of County Durham and in Darlington.
40. Discussion with the CFA Chair and Vice Chair identified work the Authority has undertaken with Area Action Partnerships (AAPs) that are in place across County Durham to help address local issues and where they quoted specific examples of arson, provision of replacement electric blankets as part of the safety awareness initiative and replacement radios for local mountain rescue volunteers.
41. In a further example of working with Durham Constabulary and in this case with the County Durham Youth Offending Service the CFA Chair and Vice Chair referred to the Fire Break Scheme, they also described their working with Members and Officers from other CFAs to discuss issues of regional importance or initiatives for delivering efficiencies.
42. In considering collaboration with Durham County Council, arrangements in place to date have mainly taken the form of services provided by the Council through Service Level Agreements. The Head of Corporate Resources stated that an open relationship existed between the Fire Service and Durham County Council that could potentially lead to increased collaborative working in future.

Conclusion

43. The Authority was able to draw upon a wide range of sources in looking to demonstrate its effectiveness. It has invested in its Members, increasing their knowledge and understanding of the operation of the Fire Service by delivering individual training plans and creating roles for Member Champions and Member Affiliation with their local stations. Member participation at the meetings of the CFA identified an excellent average attendance rate of 80%.
44. Evidence compiled by the Cleveland Fire Authority that compared costs of 23 Combined Fire Authorities in England in 2015/16 and analysis undertaken by Internal Audit is indicative that the Authority was one of the lowest cost in that group at that time and of similar cost when compared to Tyne and Wear.
45. Extensive evidence that demonstrated scrutiny of the decisions of officers, performance of the Service and where the Authority was willing and able to make difficult decisions was provided in support of the review. This included the introduction of a programme of Service Transformation; agreement of Redundancy Policy and Procedures, Modernising Terms and Conditions for Staff and approval of a Resilience Plan.
46. In relation to engagement, evidence of Open Days and the annual public consultation that takes place to help the Service plan for the future in light of cuts to government grant funding was sighted. Evidence was also sighted on the Fire Service's Website of two public events that took place in relation to the new emergency services 'quad station' in Barnard Castle where representatives from the Fire Service and the Chair of the Fire Authority were present to answer questions from the public and in providing the public with advice on Safety in the Home and in the Community.
47. There was clear evidence that the Authority looks to progress collaboration opportunities where they exist with the aim where it can of delivering better value for money, maintaining or improving services provided or in reducing demand on local services and reducing the risks within the communities. Evidence of collaboration is most noticeable within Blue Light Services and particularly in working with Durham Constabulary where the Authority has signed a Statement of Intent for Enhanced Collaboration.

Recommendation

48. As a result of the audit, there was one medium priority finding for this review. Our finding, together with a recommendation made to improve the management of identified risks and the resultant management response, is provided in the action plan attached as Appendix B.

BACKGROUND

49. This review has been carried out in accordance with the Terms of Reference.
50. This review aims to help management achieve its objectives by providing an opinion on the adequacy of the control framework in place to manage risks effectively. The conclusions from the review will inform the annual audit opinion provided by the Chief Internal Auditor on the adequacy and effectiveness of the entire control environment operating across the whole of the Authority, required to inform the Annual Governance Statement.
51. The report is intended to present to management the findings and conclusions of the audit. Wherever possible findings and recommendations made to improve the control framework have been discussed with the appropriate officers and their views taken into account.

OVERALL ASSURANCE OPINION AND PRIORITY OF OUR RECOMMENDATIONS

52. Based upon the ratings of our findings and recommendations arising during the audit, we define the overall conclusion through the following assurance opinions.

<u>Opinion</u>	<u>Definition</u>
Substantial Assurance	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

53. We define the priority of our recommendations arising from each overall finding as follows;

<u>Priority</u>	<u>Definition</u>
High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls.
Medium	Action is required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote value for money.

APPENDIX A – The cost of running the Authority in comparison to other Combined Fire Authorities (CFAs)

Table 1: Comparison of Elected Member basic allowances at CFAs in England
(Information compiled by Cleveland Fire Authority)

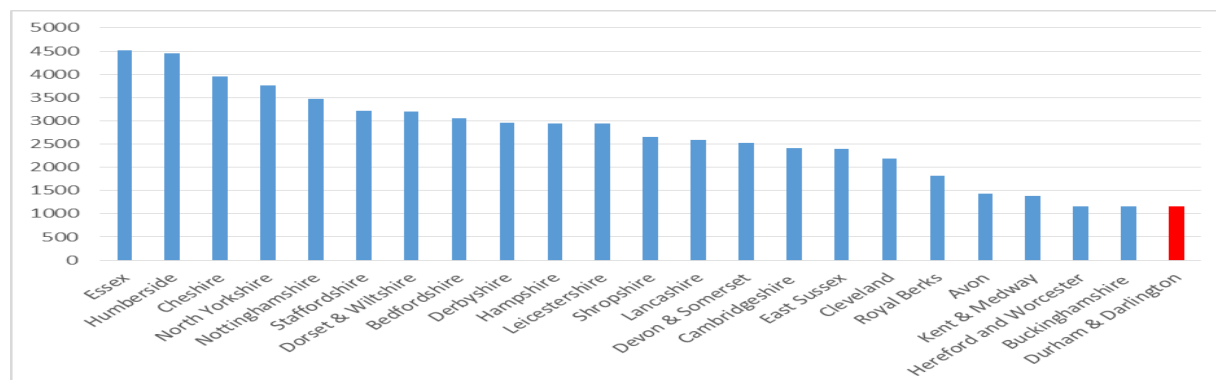


Table 2: Comparison of indicative overall cost of allowances for CFAs in England
(Information compiled by Cleveland Fire Authority)

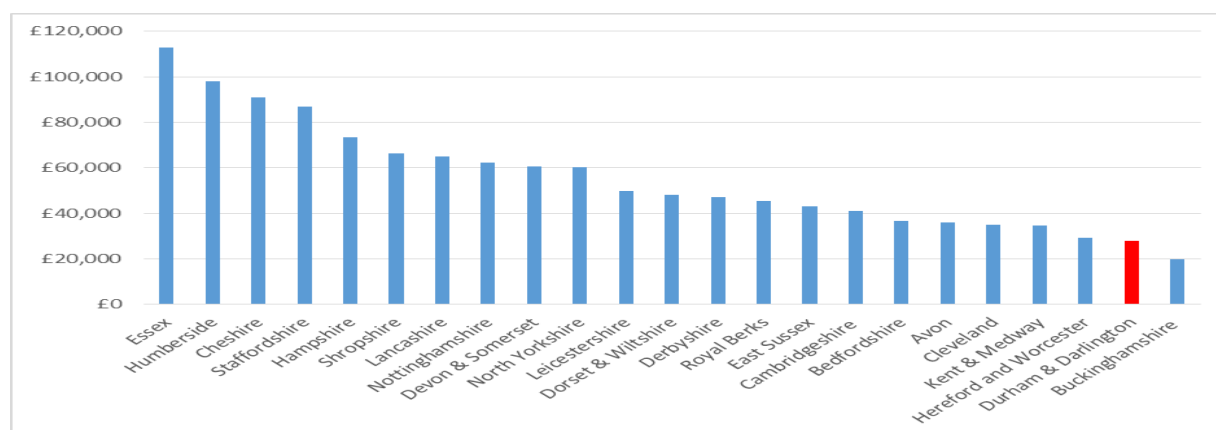
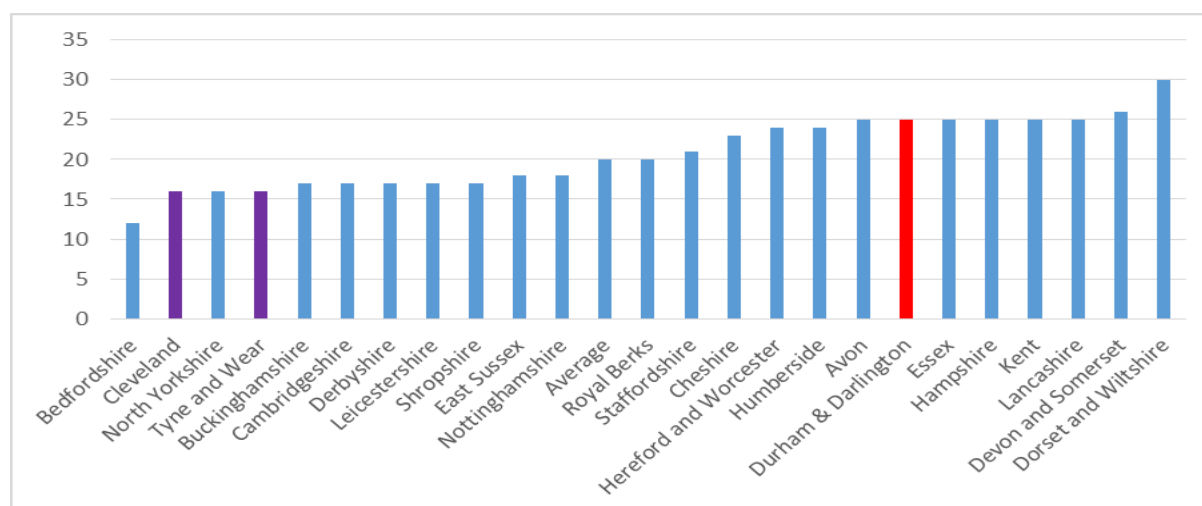


Table 3: Comparison of Elected Member Representation at CFAs in England



APPENDIX B – ACTION PLAN OF FINDINGS AND RECOMMENDATIONS

Action Ref	Finding	Potential Impact	Priority	Recommendation	Management Comment	Responsibility Timescale
01	<p>The Policing and Crime Act 2017 received Royal Assent on 31 January 2017 and could potentially impact on the governance arrangements for Fire and Rescue Services. Chapter 2 of the Act provides for Policing and Crime Commissioners (PCCs) to take on responsibility for the governance of fire and rescue in their area, and thus become Police, Fire and Crime Commissioners (PFCCs). Whilst there does not appear to be a will at a local level in County Durham and Darlington to consider transferring the governance of the Fire and Rescue Service to the PCC, where a PCC does not take responsibility for the governance of fire and rescue the Act will enable them to be represented on a Fire and Rescue Authority (FRA) and treated as a member of that Authority with voting rights, where the FRA agrees.</p>	<p>The Combination Order that sets out Membership requirements of the Authority may need to be revised.</p>	Medium	<p>The Authority will need to consider its position should such a request be made from the PCC in County Durham and Darlington. Advice from the Clerk may need to be sought about the implications of the PCC becoming a member of the Authority and the associated impacts on political balance and the overall make-up of the membership of the Authority. The membership requirements of the Authority are set in the Combination Order and therefore any proposed amendments would need approval by the Secretary of State</p>	<p>The Clerk will be requested to review the impact of a request for representation on the CFA from the PCC on the overall membership arrangements of the Authority.</p> <p>The outcome of the review will be presented to a future meeting of the Authority.</p>	<p>Clerk to the Authority</p> <p>30 June 2017</p>