



24 Cathedral Road / Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 20 320500
Fax / Ffacs: 029 20 320600
Email / Epost: wales@wao.gov.uk
www.wao.gov.uk

H Jakeway
Chief Fire Officer
South Wales Fire and Rescue Authority
Headquarters
Forest View Business Park
Llantrisant
CF72 8LX

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Our reference	547A2013
Tel No	029 2032 0500
E-mail	walesauditoffice@wao.gov.uk
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Dear Huw

Improvement Assessment

I am required, under the Local Government (Wales) Measure 2009 (the Measure), to report my audit and assessment work in relation to whether South Wales Fire and Rescue Authority (the Authority) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Authority has discharged its statutory duties in respect of improvement planning;
- my views on the Authority's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office, including:
 - any relevant issues that may have emerged since my last report; and
 - the Authority's progress on areas for improvement and recommendations identified in my previous assessments.
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office work plan and timetable for delivering my Improvement Assessment work.

I shall update my views during the year and will provide a further letter by the end of January 2014.

The Authority has discharged its improvement planning duties under the Measure and has acted in accordance with Welsh Government guidance

I have reached this conclusion because:

- The Improvement Plan was published in accordance with the Welsh Government's timetable (to publish by 31 March 2013 for 2013-14 improvement objectives) in an electronic format.
- The Authority has set out a clear explanation of why its two improvement objectives were chosen for 2013-14. The two improvement objectives are:
 - to reduce deliberate fire setting by 41 per cent over the next five years using 2010-11 results as a baseline; and
 - to engage with our communities to identify their community and local business priorities for our service provision in future years.
- Outcomes are stated for both improvement objectives although the Authority is continuing to refine the outcomes for the second improvement objective as the project plan is developed.
- The actions needed to deliver the planned improvements are described using qualitative and quantitative measures to determine progress. However, the detail behind the second improvement objective is less developed.
- The Authority consulted on its improvement objectives for 2013-14 between 31 October 2012 and 31 December 2012. Although more people responded than in previous years (five in last year to 15 this year) the Authority recognises that community engagement needs to improve. In August 2012 we included four proposals for improvement in our review of public engagement at the Authority and these will be progressed as part of the Authority's monitoring of its improvement objective this year. The Authority is considering strengthening the capacity of the team responsible for consultation and engagement and is considering external secondment and internal reorganisation to achieve this.

Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators I believe that the Authority is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year

I have reached this conclusion because:

Business planning arrangements are well-embedded, comprehensive and outcome-focused but need to more explicitly reflect the new Equality Act 2010 requirements by completing Equality Impact Assessments on its Improvement Plans

I stated in my previous assessments that the Authority's leadership is continuing to drive change and I remain of this view. Recent restructuring has provided clarity about responsibilities, particularly around performance management and engagement. Staff are aware of the improvement objectives for 2013-14 and are supportive of the rationale for setting the objectives. However, limited staff consultation occurred in the development of the improvement objectives. The objectives were agreed by the Senior Management Team and approved and endorsed by Members.

In my latest *Annual Improvement Report* (March 2013) I concluded that during last year the Authority took positive steps to publicise the availability of its Strategic Improvement Plan, but it relies heavily on the electronic format and wider access to the data, which may be an issue for some people. In order to raise awareness about its 2013-14 Improvement Plan, which continues to be in an electronic format (although hard copies are available on request), the Authority used social media such as twitter and facebook and have introduced a summary document (in the form of a short newspaper) which is available on the Authority's website and will be circulated to libraries, Doctors surgeries and other public locations.

During 2012-13 the Authority changed its approach to reporting to members to include a specific commentary on progress against improvement objectives. However, the commentary does not explicitly say whether the Authority is on target to meet its improvement objectives. The new reports focus on the actions needed to deliver the improvement objectives but do not bring together the measures and the actions planned to give a cohesive picture of progress to date. Reporting could be strengthened by:

- including relevant measures to give a rounded view of progress for each improvement objective;
- using consistent RAG status criteria in all reporting would make the 'traffic light' (RAG) status criteria easier to understand; and
- ensuring that reporting includes a specific comment on whether the Authority is on target to meet its improvement objectives or not.

The Authority has identified some 200 measures that it plans to use in reporting progress against improvement objectives to Members to determine progress against individual departmental business plans. In respect of the first improvement objective for 2013-14 (relating to deliberate fire setting) around 50 measures have been identified which could be incorporated into the Report and used to measure progress. A clear evidence base, from the community fire safety baseline information and community risk management plans, is present to support the objective of tackling arson as a priority. The Authority has also clearly identified the importance of engagement with the community as an integral part of deliberate fire reduction.

Some 15 measures relate to improvement objective two (community engagement) but whilst some measures are stated these are inputs rather than being focussed on outcomes for the community. As it clarifies how it will undertake a broad range of community engagement the Authority acknowledges it needs to develop the measures and refine its reporting arrangements appropriately.

The Authority did not undertake robust Equality Impact Assessments as part of the rationale for selecting the improvement objectives for 2013-14 and therefore, it is unclear whether the objectives sufficiently reflect the needs of those people with protected characteristics under the Equality Act 2010. Internal processes within the performance management system include a prompt screen asking staff whether an equalities impact assessment is required, but the overall process is not sufficiently explicit to ensure that Equalities Act 2010 guidance has been followed. There is no reference to an Equality and Diversity Strategy within the section on Supporting Strategies in the 2013-14 Improvement Plan and a lack of an explicit section giving details of how the objectives take the needs of those with protected characteristics into account. The Authority intends to undertake robust Equality Impact Assessments when determining its 2014-15 Improvement Objectives.

The Authority continues to manage its financial challenges effectively, although the scale of change required will continue to require clear leadership and direction

The Authority continues to manage its financial challenges effectively. It has a robust Medium Term Financial Strategy (MTFS) in place and regular reporting of the financial position to members is undertaken. The Authority needs to deliver cumulative projected efficiencies of £9.522 million during the three year financial forecast to the end of 2014-15; to date it has had a positive track record in undertaking a number of transformation projects that have led to managed under spends for both 2011-12 and 2012-13 financial years of around £3 million. This has allowed the Authority to bring forward some aspects of its capital programme, including building a new station.

The Authority's approach to financial management needs to ensure that it continues to manage and report on any continuing under spend variations to enable members to be clear about the scale of the financial challenges. Operating within a balanced budget and producing an under spend in 2012-13 enables the Authority to maintain a stable funding requirement moving forward and avoiding large fluctuations in constituent council funding. The recent sad loss of the Authority's Treasurer, gives a challenge to the Authority in replacing him with someone of a similar calibre and capability.

The current published version of the MTFS predicts a balanced budget for 2013-14, a small deficit for 2014-15 and a deficit of around £1 million for 2015-16. The MTFS is being updated as part of preparations for determining the 2014-15 budget, as new projections and information is received from WLGA. The Authority has recently undertaken a review of existing budgets to identify efficiencies and revisited planning assumptions such as rates of inflation, pay increases, interest rates, future fuel costs. A series of internal reviews to identify further options for efficiencies including fire cover, use and location of buildings and other capital investments are also ongoing.

The Authority is hoping that the work of the National Issues Committee, which was formed in 2012 to increase collaboration between the three Welsh Fire and Rescue Authorities will identify potential cost reduction projects to assist in addressing future deficits in the budget.

Good progress is being made to address the proposals for improvement identified in my previous assessments

I made a number of proposals for improvement in my previous reports and the Authority's progress in implementing these is summarised in Appendix 1. Proposals for improvement which have been fully actioned, or are no longer relevant, will be removed from this schedule as part of our next update.

Further proposals for improvement

Two new proposals for improvement are being suggested in this letter. We will continue to monitor and report on the progress made by the Authority in implementing the proposals set out in my previous reports and letters.

Proposals for improvement

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| P1 | Explicitly show how the Equalities Act 2010 requirements have been considered in setting and monitoring improvement objectives for 2014-15. |
| P2 | Strengthen monitoring reporting by: <ul style="list-style-type: none">• including relevant measures to give a rounded view of progress for each improvement objective;• using consistent RAG status criteria in all reporting to make the 'traffic light' (RAG) status criteria easier to understand; and• ensuring that reporting includes a specific comment on whether the Authority is on target to meet its improvement objectives or not. |
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Updates to the work plan and timetable

My Improvement Assessment Team will keep the Authority informed of the detailed arrangements for the delivery of my assessment work during 2013-14. The regularly updated work plan and timetable provides more detail on how we intend to focus resources in this year's assessment, and in particular, how we will add value by focusing on jointly identified areas or services.

The work plan and timetable takes account of my consultation with improvement authorities over my proposals for 2013-14 performance audit work.

I am grateful to the Authority for the way in which it has helped to facilitate our work, and hope to see even more effective and efficient arrangements developing over time. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yours sincerely



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Lesley Griffiths, Minister for Local Government and Communities

Lisa Williams, Performance Audit Lead

Appendix 1

Proposals for improvement	Progress
<p>P1 Continue to implement previous proposals for improvement including:</p> <ul style="list-style-type: none"> • broadening the diversity of the workforce; • consistent use of the Performance Development Review (PDR) process for both uniformed and support staff; and • strengthen improvement objectives and associated performance measures and reporting to be more outcome-focused, identify the impact of its activity for its community, clearly show how the Authority performs now, its targets and how it compares with other fire and rescue authorities. 	<p>Outreach activities were undertaken as part of the Autumn 2012 Recruitment Campaign for whole time firefighter recruitment. However these were largely unsuccessful. Although significant numbers of applications were received from people with protected characteristics the majority of these were not successful. The Authority has analysed where individuals were unsuccessful in the recruitment process and is considering what can be done to address this in future recruitment.</p> <p>The revised PDR process was evaluated following completion of the spring 2011 assessments. This concluded that a more fundamental review of the PDR process was needed and this is currently ongoing. Notwithstanding this training for line managers was undertaken prior to completion of the spring 2012 reviews.</p> <p>The Authority has undertaken a considerable amount of work to more clearly show the impact of its activity for its community and what it is planning to achieve through its improvement objectives.</p> <p>The Authority has a suite of 200 measures that it uses to monitor progress of service business plans. It has selected some of these measures to use in reporting quarterly progress against the improvement objectives. Further refinement will occur during 2013-14 to identify outcomes measures for the community engagement objective.</p>
<p>P2 Implement areas for improvement identified in our Information Management review.</p>	<p>The Authority has taken proactive steps to address all the issues raised in the report, and put in place an action plan to prioritise and implement them in a phased and logical manner.</p> <p>Progress against this action plan is regularly monitored by senior management and is on schedule at the current time.</p> <p>Further follow-up of these proposals for improvement is planned for later in the year.</p>

Proposals for improvement	Progress
<p>P3 Implement areas for improvement identified in our use of technology review.</p>	<p>The Authority is currently midway through several strategic technical projects including virtualisation of servers, remote 'access for all', collaboration with Mid and West Wales Fire and Rescue Authority on major backroom services, migration to the PSBA and an open source collaboration with West Midlands Fire and Rescue Authority on operational information systems.</p>
<p>P4 Address the accuracy and completeness of data issues arising from our performance information audit, particularly recording of fire deaths, treatment of 'over-the-border incidents' and compliance with Welsh Government timetables and guidelines.</p>	<p>We continue to test the new arrangements for verifying and recording fire deaths brought in for 2012-13 as part of our data quality review work.</p>
<p>P5 Continue to develop corporate processes to promote public engagement, in particular:</p> <ul style="list-style-type: none"> • identify, define and prioritise what public engagement activity is essential for the Authority, its partners and the public it serves; • develop a more strategic, co-ordinated and planned approach for public engagement – in order to identify risk areas, issues and topics; ascertain required resources; minimise duplication of work; and maximise impact and outcomes; • develop methods to monitor, use and evaluate the results of public engagement activities more widely and inform the public on how their input influenced what the Authority does; 	<p>This is being progressed as part of improvement objective two for 2013-14. Skills are being strengthened in this area and new policies and outcome measures being refined.</p>

Proposals for improvement	Progress
<ul style="list-style-type: none"> • extend the current communications strategy to include appropriate and planned public engagement activity which ties in with the Authority’s improvement objectives and key priorities; and • ensure that stakeholders and the public are made aware of the revised improvement objectives agreed in July 2012. 	
<p>P6 There are four key areas where greater emphasis should be placed in reviewing the Annual Governance Statement to ensure:</p> <ul style="list-style-type: none"> • a greater involvement of staff across the Authority; • a greater emphasis on community engagement; • adequate comparison of performance with other improvement authorities takes place; and • increased consideration of Governance arrangements around partnerships and commissioning. 	
<p>P7 The preparation of a summary to provide a clear and concise update for the public would help the Authority to explain its achievements and future challenges. This should be widely available and signposted where further information can be obtained.</p>	<p>To be followed up later in 2013 as part of the assessment of performance work.</p>