



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2014-15

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 Steve Barry and Ron Price under the direction of Jane Holownia.

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

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

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

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

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Summary report

Purpose of this report

- 1 Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of Welsh councils, fire and rescue authorities, and national park authorities, and to assess whether each authority will meet statutory continuous improvement duties¹. This work has been undertaken on behalf of the Auditor General by staff of the Wales Audit Office. **Appendix 1** provides more information about the Auditor General's powers and duties.
- 2 This Annual Improvement Report (AIR) summarises the audit work undertaken at North Wales Fire and Rescue Authority (the Authority) since the last such report was published in July 2014.
- 3 Taking into consideration the work carried out during 2014-15, the Auditor General will state in this report whether he believes that the Authority is likely to make arrangements to secure continuous improvement for 2015-16.
- 4 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 5 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

¹ Duties and requirements contained within the Local Government (Wales) Measure 2009 (the Measure).

Performance audit work in 2014-15

- 6 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 the Authority's own mechanisms for review and evaluation. For 2014-15, we undertook improvement assessment work under the following themes: use of resources; governance; and performance.
- 7 The work carried out since the last AIR is set out below:

Project name	Brief description	Dates [when the work was carried out]
Annual 'Improvement Plan' Audit	Review of the Authority's published plans for delivering on improvement objectives.	June 2014
Annual 'Assessment of Performance' Audit	Review of the Authority's published performance assessment, including testing and validation of performance information.	November 2014
Data Quality Review	Assessment of the reliability of information and the effectiveness of its use in managing performance.	November 2014
Financial Planning Assessment	Review of the Authority's financial position and how it is budgeting and delivering on required savings.	December 2014
Delivering with Less – workforce re-configuration	Assessment of how the Authority is managing the delivery of services in the context of reduced resources.	June 2015

- 8 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 Measure during 2015-16.

Headlines – a summary of key findings

- 9 The table below summarises the key findings of reports issued since the last AIR by the Wales Audit Office and the outcome of the review of the Welsh Language Scheme by the Welsh Language Commissioner.

Audit of accounts	We issued an unqualified audit opinion on the accounting statements and the Pension Fund's financial position and transactions on 29 September 2014. This means the Authority complied with its responsibilities relating to financial reporting and use of resources and the accounts present a true and fair view of the Authority's financial position.
Improvement planning and reporting audits	We issued audit certificates stating that the Authority had discharged its duties under the Measure (see Appendices 2 and 3).
Financial planning assessment	The Authority has effective financial management arrangements.
Use of Resources	The Authority has managed the delivery of efficiencies whilst sustaining safe levels of service but the reduction in corporate capacity is likely to slow the pace of future change.
Reliability and use of Performance information	Well-embedded systems produce accurate management information, albeit with gaps in relation to equality, that the Authority uses to support improvement.
Welsh Language Commissioner – Review of Welsh Language Scheme	The Authority is working positively on its Welsh Language Scheme to improve its Welsh-language service.

- 10 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:
- a 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;
 - b make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 11 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports and are referred to in the table below. We will continue to monitor proposals for improvement during the course of our improvement assessment work.

Proposals for Improvement

Proposals for improvement	
P1	<p>Develop current arrangements by</p> <ul style="list-style-type: none"> • Publishing the Medium Term Financial Plan; • establishing a clear policy around charging for services and income generation; • clarifying links between improvement objectives and financial plans; and • agreeing a policy on the expected level of reserves.
P2	<p>When planning and implementing change, in order to assess people resource requirements to drive change and facilitate learning for the future, ensure as a minimum, a record is maintained of:</p> <ul style="list-style-type: none"> • pre-implementation assessment of intended benefits; • effective risk management pre-implementation and during implementation; and • post-implementation evaluation of outcomes against planned benefits.

Detailed report

The Authority manages its finances well, has implemented changes that have improved its use of resources but the reduction in corporate capacity is likely to slow the pace of future change



- 12 The North Wales Fire and Rescue Authority (the Authority) serves 687,937 people (census 2011) over a geographical area of 2,400 square miles.
- 13 The Authority comprises 28 councillors from the six Councils of North Wales: Anglesey County Council (three members); Conwy County Borough Council (five members); Denbighshire County Council (four members); Flintshire County Council (six members); Gwynedd Council (five members); Wrexham County Borough Council (five members). The number of representatives from each constituent Council is determined by the population of that area.
- 14 In recent years the Authority has been responding to the financial challenges faced by public sector services whilst ensuring compliance with its statutory responsibilities. Later in this report we identify some of the ways in which this has been done. In March 2015 the Authority published its Combined Improvement and Risk Reduction Plan which provides details of its activity and the specific issues it is addressing. [The Plan is available on the Authority's website.](#)

Exhibit 1: Actual revenue expenditure 2011-12 to 2013-14

	2011-12	2012-13	2013-14
Revenue out-turn (£,000)	30,958	32,715	32,969*
Per head population	£45	£47	£48

*Includes £100,836 one-off costs associated with industrial action

Source: Welsh Government Statistics Wales

- 15 Whilst the figures in the Exhibit suggest a slight increase in expenditure over time when account is taken of inflationary pressures, in real terms expenditure reduced overall by £844,000² over the period 2011-12 to 2013-14. Staff costs are the most significant component of expenditure and in order to achieve this position staff numbers have reduced in recent years. Staff costs shown in the Authority's statements of accounts for 2011-12, 2012-13 and 2013-14 have reduced by £1,856,229³ in real terms since 2011-12. Applying the same 'real terms' analysis to the expenditure per head of population the increase from £45 per head of population in 2011-12 to £48 per head of population actually represents a £1 increase per head of population in real terms.
- 16 The Authority set a budget of £31,772,011 for 2014-15.

² As measured by the Treasury Gross Domestic Product deflators published April 2015.

³ As measured by the Treasury Gross Domestic Product deflators published April 2015.

- 17 Keeping to its undertaking to limit any increase in county council financial contributions to a maximum equivalent of an additional £1 per year per head of population, the Authority decided to levy an increase for 2015-16 (equivalent to 18p per person per year). In order to absorb some of the estimated £628,000 of unavoidable cost increases in 2015-16 the Authority also decided to make savings by:
- a ceasing to provide non-statutory rope rescue and large-animal rescue services, saving around £16,000 a year;
 - b further reducing attendances to false alarms notified through automatic fire alarms, saving around £25,000 a year;
 - c further reducing operational manager posts (from 32 to 28), saving around £250,000 a year;
 - d and to allocate £223,168 from its reserves to meet the shortfall.

The Authority has effective financial management arrangements

The Authority complied with its responsibilities relating to financial reporting

- 18 On 5 January, the Auditor General issued an Annual Audit Letter to the Authority. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Authority's accounting statements confirming that they present a true and fair view of the Authority's and the Pension Fund's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

The Authority has a good track record of effective budgetary control and securing arrangements to operate within its financial constraints

- 19 Between 2011-12 and 2013-14, the Authority operated effective budgetary control, with timely assessments of the options that the Authority could implement to maintain a balanced budget. The Authority has entered into a long-term service level agreement with Conwy County Borough Council for the provision of financial management services, payroll, treasury management and internal audit. This arrangement works well and provides an adequate level of financial management for the Authority. Budgetary control arrangements are effective and monitoring and reporting arrangements at officer, member and executive level are sound. Financial forecasting is well developed and accurate, and is subject to detailed and effective scrutiny and challenge at Authority meetings.
- 20 The Authority established a three-year strategy (covering 2011-12 and on to 2013-14) to freeze the budget. The effect of this decision was any inflationary increases, pay awards, and other cost pressures would have to be met from existing budgetary provision. This has been a challenging process for the Authority requiring a regime of effective cost control across all aspects of the service.
- 21 A willingness to consider change in service provision has been demonstrated by the Authority. For example, removal of an aerial ladder platform, changes to staffing structures and the implementation of flexible contracts of employment to ensure adequate staff cover. The Authority has consulted widely on proposed changes to service provision and handled that process of change management effectively.
- 22 In the period covered by this report the Authority has set a balanced budget with few variations in any of the budget headings. The greatest element of cost relates to employee costs, and prudent budgeting around this area has given the Authority scope to make underspends against original budget figures. Low levels of pay increases, agreed through national negotiation, have also enabled the Authority to plan and agree budgets effectively.

- 23 Savings have been made in other areas related to service provision and employee costs. For example, changes in working practices across the service, changes to operational officer cover, the reduction of some posts and the rostering of whole-time fire fighters for duty. Overall, the pay budget reduced from £22.95 million in 2010-11 to £20.55 million in 2013-14. Further reductions in costs were obtained by restructuring support staff and a small number of posts were not filled. Savings were also made in the capital programme, and some smaller-scale savings in the transport budget in 2013-14, and savings on supplies.
- 24 Since mid-2013 the Authority has faced challenges in a national dispute primarily relating to the Government's proposed changes to Pension arrangements for fire fighters. This has required the Authority to put in place arrangements to maintain its services during these periods of industrial action, which has placed an additional burden on the Authority, both financially and operationally. The Authority has managed this challenge effectively through the use of its own fire fighters. The ongoing dispute remains a challenge for the Authority.

The Authority's plans and arrangements to deliver 2014-15 savings are fit for purpose, are effectively managed and are likely to be achieved but the medium-term outlook remains challenging

- 25 The Authority has an effective corporate framework for financial planning and exercises clear financial management and control. Through its Executive Panel, Audit Committee and Full Authority it demonstrates a good level of scrutiny, debate and challenge on financial issues. Early consideration of spending options has taken place with effective dialogue between the Authority, the communities it serves and its constituent local authorities. This has enabled the Authority to set a realistic and achievable budget for 2014-15, although the medium-term outlook remains challenging.
- 26 The Authority has been able to balance its budgets through prudent saving measures and careful cost control. However, it does now face considerable challenges in maintaining a full estate of stations covering the whole of the North Wales area, difficulties in maintaining adequate Retained Duty System staff coverage in some locations, and changing patterns of demand for its services. This means that the Authority is having to currently engage with its partners and stakeholders in determining which options for the future of the service are going to be most effective.

The Authority does not publish its medium-term financial plan to support strategic decision making

- 27 A clear vision and aim for the service are in place, with coherent and clear improvement objectives. The Authority has improved its improvement planning and is making better use of comparative performance information in its reporting processes. However, there is limited linkage between the cost of improvement objectives and its financial plans.
- 28 The Authority does not have a Medium Term Financial Plan (MTFP) in place which is transparent and available. It has not published a plan which contains key performance indicators and sensitivity analysis relating to key elements of the budget, so it will be difficult for Authority members and others to fully understand the implications of financial change.
- 29 The Authority does not have a separate written policy on the use of reserves. The level of reserves is discussed and considered but existing financial arrangements would be strengthened with greater clarity about the future use and policy on reserves. Establishing and agreeing a minimum level of reserves would help Authority members in considering future financial plans, and more clearly establishing policy on the use of earmarked reserves would make strategic decision making more effective.
- 30 Experienced and effective finance and budget managers are in place, supported by the arrangements with Conwy County Borough Council. Internal timekeeping around the presentation of financial information is well handled and works well throughout the Authority. The Authority has taken account of the financial challenges and made reasonable assumptions in setting its budget for 2014-15, supported with sound data and information.
- 31 The Authority does not have a clear policy around charging and income generation. Whilst there are few opportunities to charge for services which are largely statutory, greater clarity on this matter would assist the service to clearly understand costs and benefits for undertaking all areas of service operation.

The Authority has managed the delivery of efficiencies whilst sustaining safe levels of service but the reduction in corporate capacity is likely to slow the pace of future change

The Authority has made efficiency savings through workforce changes over the past three years and has identified further possibilities of achieving savings through workforce re-configuration

- 32 As reported in our financial planning assessment of December 2014 the Authority has been successful in setting, agreeing and maintaining accurate outturns in its financial budgetary management for the last few years. It has been able to do this in times of budgetary pressure through maintaining a balanced budget primarily through employee cost savings. This has not been at the expense of meeting its statutory responsibilities. The Authority has maintained an effective service to the communities in North Wales throughout this period with a strong emphasis on prevention work.
- 33 As is the case with other fire authorities in Wales the largest proportion of expenditure relates to employee pay. In 2013-14, pay accounted for 68 per cent of overall expenditure. The service has a mix of whole-time duty, and retained (part-time on-call) staff to deliver its operational response services. Staff costs shown in the Authority's statements of accounts for 2011-12, 2012-13 and 2013-14 have reduced by £1,856,229⁴ in real terms since 2011-12. Staff costs have generally reduced but the most significant reductions have been in the cost of uniformed whole-time and uniformed retained staff.
- 34 The Authority had determined in 2011 that there was potential for efficiency savings to be made to crewing systems. At the time, the Authority had a larger number of employees in each watch than many other FRAs across the UK. However, many different models of crewing arrangements have been developed at individual FRAs. In order to identify the most appropriate model for North Wales the Authority created a small project team to evaluate and assess the strengths and weaknesses of these various models, and how changes could be made to the crewing arrangements in North Wales.

Options were researched and clear leadership and direction were provided to implement change in negotiation with workforce representatives whilst sustaining safe levels of service

- 35 The Project team established to explore options consisted of middle managers (Watch managers) from the service. This was important in ensuring an inclusive and consultative process. The project was informed by operational staff who would be able to relate to the workforce and work with union representatives to drive the changes forward. The project team contacted 60 other FRAs and visited 21 as part of the research process. Options were then considered by the senior management team prior to recommendations being made to the Authority's Executive panel. The research process indicated that the changes that were proposed were not radical in a national context. Effectively, the reduction in the number of staff per shift was bringing the Authority to a position commensurate with a significant number of other fire and rescue services across the UK and enabled the Authority to sustain a safe level of service for the communities it serves.

⁴ As measured by the Treasury Gross Domestic Product deflators published April 2015.

- 36 Authority members considered an appropriate range of information prior to making the decision to implement change. Some of the options presented to the Authority, following the work relating to the budget options appraisal, would have been contentious and challenging to implement. For example, station closures in small, already isolated rural communities would be unpopular and may have a disproportionate effect in rural areas and on the rural economy. The rostering-for-duty changes were a pragmatic solution to finding long-term savings without the need to close any stations.
- 37 Effective negotiations were undertaken with the Fire Brigades Union (FBU) throughout the process. These meetings are minuted. Negotiations were also undertaken to consult with the staff at the affected stations and this was undertaken jointly with union representatives.
- 38 The aim of the revised rostering arrangements was clear to participants in the project but not fully set out in documentation or reports. Key principles were to ensure that an 'optimum crewing level' would be maintained and that the long-standing commitment to five personnel riding each appliance would be maintained. Prior to these changes there was excess employee capacity on each watch at the affected whole-time stations resulting in latent capacity. The proposed changes would not compromise operational capacity, but, through empowering local management of rostering, savings could be realised from the employee cost budget.

Some aspects of the initiative are supported by clear documentation, others are not, weakening the ability to evaluate staff resource requirements to sustain the pace of major change in the future

- 39 For this review we sought evidence that the change process had been managed using formal, documented project management principles. The advantage of adopting, and recording such an approach is that it enables the Authority to collate information for future reference and planning to enable lessons to be learned and built into future planning. Given the relatively small capacity available to the Authority in times of rapid change a 'pause and reflect' in respect of such projects will enable the Authority to continue to act efficiently in the future and have a greater appreciation of both the staff resource required to support delivery of change and the probable timescales for realisation of the intended benefits of that change.
- 40 Some evidence setting out what the changes were, and how they should be implemented is in place but is limited. For example, the service produced a Service Administrative Policy and Procedure Order (SAPPO) which sets out how the new system would operate. These documents are a standard reporting item to the Executive Panel and to the Authority's internal operational meetings structures. Staff would therefore be aware of the changes and how they would be affected by them both individually and collectively.

- 41 Minutes of meetings with FBU representatives are available as a record of discussions about changes to shift patterns. No overarching implementation or project plan was produced. The negotiations with the FBU therefore became the focus of attention rather than a documented plan.
- 42 The rostering-for-duty changes have been successfully implemented and the changes have led to reductions in the overall number of employees, with subsequent cost savings. We were told during interviews that efficiency savings had been made by the implementation of the rostering-for-duty system. This was given as being a saving of around £500,000 for 2012-13 and a further saving of £500,000 in 2013-14. However, a lack of documentation means that whilst overall staff savings can be recognised, the specific levels of savings arising from this change are less clear. It is therefore difficult to identify the actual reduction in employee costs arising from this initiative and of the project costs against which initial savings might be offset.
- 43 The new rostering-for-duty system came into effect on 1 April 2012. The intention was to reduce the full-time establishment by 22 posts. The report to the Executive Panel of 11 September 2011, indicated 'this option will result in a reduction of up to 36 operational whole-time posts. It is unlikely that this could be accommodated through natural wastage within the timeframe, which could result in redundancies.' Introduction of the new system also highlighted the need for a formal redundancy policy.
- 44 Natural reductions in staff levels took place during 2012-13 through retirements and general staff turnover. The senior management team assessed numbers of staff every six weeks. Rather than move to redundancy, 22 staff were redeployed into a trial 'Operational Resource Pool' (ORP). The ORP staff were used to support retained-duty-system fire stations during this period, to avoid the necessity of making redundancies in one part of the service, but recruiting in another. This was a pragmatic solution to a difficult challenge facing the Authority.
- 45 Some basic equality impact screening was undertaken, however, the full extent of the impact on staff has not been fully documented. Equality Impact Assessment forms were initially completed but there is a lack of comprehensive evaluation of the changes after this initial screening takes place.
- 46 No structured debrief has been held for staff affected by the changes. Some internal meetings were held with Watch Managers to assess the progress of the changes, which were deemed to be successful. However, in the absence of any formal reporting it is not clear what issues were raised or how the service would respond to developing matters.
- 47 Implementing significant change during the last three years has increased the workload of an already limited central service and management function. For example, the performance management function has two staff, financial services are provided externally via a service level agreement, and statistical staff resources are minimal. This has rendered the Authority vulnerable when project managing major change.

Well-embedded systems produce accurate management information, albeit with gaps in relation to equality, that the Authority uses to support improvement

- 48 We carried out a review of a sample of performance measures and operational data systems. The purpose of the review was to:
- a test systems and arrangements that support the production of performance management information, including national strategic, core and local performance indicators that are used to support improvement reporting and planning;
 - b verify and confirm the accuracy of submissions made to the Welsh Government in respect of National Strategic and Core Indicators and associated data returns; and
 - c review how the Authority identifies trends and changes in performance to inform improvement planning and reporting.
- 49 Although there is not a formal written timetable for completion of the annual National Strategic and Core indicators we found that staff were clear about the timing of the submission and were clear about roles and responsibilities. Activities are co-ordinated effectively by the Corporate Planning team, and the continuity in the data set requirements has helped the team to submit data in a timely and accurate way. Key milestones are monitored by Corporate Planning staff to ensure they are met, including analysis of cross-border incident information and coroner findings regarding fire-related death figures. The same team produces quarterly data for the Authority's Executive Panel and for improvement assessment reporting purposes, and is therefore well versed in the data accuracy requirements.

Some gaps existed in equality information

- 50 There is limited information on equality and diversity covering all of the protected characteristics as set out in the Equality Act 2010. Some information is available and collected in relation to incident data and the delivery of home fire safety checks. The information collected relates to the characteristics such as age and infirmity which makes people more vulnerable to dying in an accidental dwelling fire rather than all the protected characteristics. Information relating to staff is maintained by the HR function. Officers have been engaging with the Equality and Human Rights Commission in Wales to discuss the ways in which the Authority is discharging its responsibilities under the Act.
- 51 National strategic and core indicators for 2013-14 are correctly stated. To arrive at our conclusions we tested:
- a Eleven National strategic indicators, of which 11 were found to be correct.
 - b Fifteen core data and/or local indicators, and found that 15 were correct.
 - c Reviewed processes for producing associated data returns for HR, workforce and non-domestic property database information. As is the case for other FRAs, the Authority has some challenges in correctly stating the number of properties within North Wales and is working to refine the database.

- 52 The Authority used existing guidance from the various fire circulars in an accurate way. Performance information is produced in an efficient way. There are some manual processes, but these are generally supported by effective systems. Well-established arrangements are in place to produce accurate statistics for submission to Welsh Government (Stats Wales). Both the Corporate Planning team and departmental staff are clear about their areas of responsibility, and who is responsible for the various elements of data.
- 53 No major adverse findings were raised with the final submission of data. Trends are being identified during the year, and staff demonstrate an awareness of ongoing performance management findings.

Data is used well to inform improvement planning and support performance reporting

- 54 The Authority uses a balanced range of management information to identify improvement areas and monitor its performance across a full range of its activities. Performance information is used to support judgements, strategies and business planning with regular reporting to the Fire Authority.

The Authority is working positively on its Welsh Language Scheme and continues to improve its Welsh-language service

- 55 The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh-language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 56 The Commissioner works with all authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every authority is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 57 The Commissioner reported that there has been an increase in the percentage of Welsh-medium fire safety checks since 2012-2013. The Service won an Inspire Wales Award in the 'Welsh at Work' category and there was an increase in the percentage of staff who comply with the linguistic requirements of their posts. The language skills of the entire workforce have now been recorded, barring two members of staff. The Service collaborated with North Wales Police to provide Welsh-language courses at a number of levels. Following technical problems, the Service continues to try and develop a language awareness module. It is also translating all other training modules that are not yet available bilingually. Two annual awards are presented to recognise the dedication of members of staff who are learning Welsh or contributing to the Welsh language. The Service now presents an additional award to recognise the contribution of a station or specific department to the Welsh language. The Translator and Welsh Language Liaison Officer received training from the Association of Welsh Translators and Interpreters. Simultaneous translation facilities are provided in meetings and job interviews, as required.

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. 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.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

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 – Audit of North Wales Fire and Rescue Authority’s 2014-15 Improvement Plan

Certificate

I certify that I have audited North Wales Fire and Rescue Authority’s Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Authority has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Authority and the Auditor General

Under the Measure, the Authority is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Authority to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Authority is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Authority’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Authority has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Authority can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Authority's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Authority had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General for Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business
Lisa Williams, Performance Audit Lead

Appendix 3 – Audit of North Wales Fire and Rescue Authority’s assessment of 2013-14 performance

Certificate

I certify that I have audited North Wales Fire and Rescue Authority’s (the Authority) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Authority has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Authority and the Auditor General

Under the Measure, the Authority is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Authority to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Authority’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Authority has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Authority has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Authority's assessment of performance, therefore, comprised a review of the Authority's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Authority had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services
Steve Barry, Manager

Appendix 4 – Annual Audit Letter

Simon Smith
Chief Fire Officer
North Wales Fire and Rescue Service
Ffordd Salesbury
St Asaph Business Park
St Asaph
Denbighshire
LL17 0JJ

Dear Simon

Annual Audit Letter – North Wales Fire Authority 2013-14

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor 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 29 September 2014, I issued an unqualified audit opinion on the accounting statements confirming that 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 members of the Audit Committee in my Audit of Financial Statements report on 15 September 2014, and a more detailed report will follow in due course.

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 as part of the Improvement Assessment 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.

I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2014

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

Anthony Barrett
Appointed Auditor

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