

# Central Scotland Joint Fire & Rescue Board

Report to Members and the Controller of Audit on the 2007/08 Audit





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# Key Messages

## Introduction

In 2007/08 we looked at the key strategic and financial risks being faced by the board. We audited the financial statements and we looked at aspects of performance management and governance. This report sets out our main findings, summarising key outcomes from the 2007/08 audit and the outlook for the period ahead.

## Key outcomes from 2007/08 audit

Overall, we found the financial stewardship of the board during the year to be satisfactory. The main conclusions and outcomes from the audit are highlighted below:

- We have given an **unqualified** opinion on the financial statements of Central Scotland Joint Fire & Rescue Board. The board dealt well with significant changes to the format of the accounts;
- Final accounts preparation procedures and working papers were generally good;
- Balances as at 31 March 2008 exceeded the level required as a contingency against unforeseen events and emergencies as required by the board's reserves strategy. With the exception of the cumulative general fund carry forward balance exceeding the 5% limit, for which the board received Scottish Minister approval, the board remained within revenue and capital carry forward limits;
- the Board has a Local Code of Corporate Governance and a Governance Plan to ensure compliance with the Code. Many aspects of a sound corporate governance framework are in place. Work needs to continue, however, to fully embed risk management into strategic and operational planning activities;
- Internal Audit concluded that "limited assurance can be placed upon the Board's overall framework of control for the year to 31 March 2008";
- all statutory performance indicators were assessed as reliable;
- some progress has been made in implementing the improvements included within the Improvement Plan contained within Audit Scotland's report on reform within the Central Scotland Joint Fire & Rescue Service

Key issues for the board in the future include:



- continuing to address the challenges to the Board in achieving its corporate objectives, including the introduction of an effective performance management framework
- the need to continue developments in relation to governance arrangements, including a review of the scrutiny role of members and the development of effective risk management processes
- the development of a robust asset management planning process.

Key issues for the attention of members are outlined in the Action Plan included in this report.

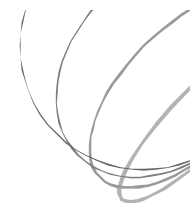
We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of the board during the course of the audit.

Audit Scotland  
October 2008



# Introduction

1. This report summarises the findings from our 2007/08 audit of Central Scotland Joint Fire & Rescue Board, the second year of a five year appointment. Findings are set out in four sections: performance; financial position; governance and financial statements. Within each of these sections we have also provided an outlook setting out key issues and concerns facing the board going forward.
2. The scope of the audit is set out in our Annual Audit Plan (AAP), which was submitted to the board in February 2008. The AAP summarises the specific governance and other risks that could affect the board's financial statements. It describes the work we planned to carry out in response to these risks.
3. Overall conclusions about the board's management of key risks are discussed throughout this report. Appendix A sets out the key risks highlighted in this report which we wish to draw to the attention of members and the action planned by management to address them.



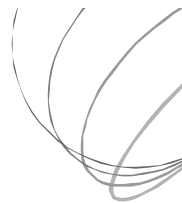
# Financial statements

## Introduction

4. In this section we summarise key outcomes from our audit of the board's financial statements for 2007/08. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
5. We audit the financial statements and give an opinion on:
  - whether they present fairly the financial position of the board and its expenditure and income for the year;
  - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
6. We also review the statement on the system of internal financial control by considering the adequacy of the process put in place by the board to obtain assurances on systems of internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the board.

## Overall conclusion

7. We have given an **unqualified** opinion on the financial statements of Central Scotland Joint Fire & Rescue Board for 2007/08.
8. The Board's balance sheet has an excess of liabilities over assets of £73.500 million due to the accrual of pension liabilities in accordance with accounting standards. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on financial statements. One of the indications that may give rise to going concern considerations is an excess of liabilities over assets.
9. The Statement of Main Accounting Policies outlines the Treasurer's view that it has been considered appropriate to adopt a going concern basis for the preparation of the financial statements as constituent authorities of the Board are required under the 1995 Central Scotland Combined Fire Area Administration Scheme Order, to meet all liabilities of the Board as they fall due. Future pension liabilities will be met, as they fall due, by government grant and contributions from constituent authorities in the normal way. We are satisfied that the process the Board has undertaken to consider going concern is reasonable.
10. The board's unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June. Final accounts preparation processes and working papers available for audit



were good and this enabled the audit to progress smoothly. Audited accounts were finalised prior to the target date of 30 September 2008 and are now available for presentation to the board and publication. The financial statements are an essential means by which the board accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources.

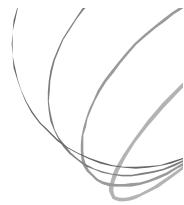
## Accounting practice

11. Local authorities in Scotland are required to follow the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the 'SORP'). The 2007 SORP required a number of significant changes to be made to the 2007/08 financial statements to make them more consistent with the accounts of other public and private sector entities. The major changes include:
  - accounting for financial instruments based on FRS25, FRS 26 and FRS 29
  - replacement of the fixed asset restatement account and capital financing account by a revaluation reserve and capital adjustment account
12. Overall, we were satisfied that the board had prepared the accounts in accordance with the revised SORP.
13. The board adjusted the financial statements to reflect our audit findings. As is normal practice, immaterial unadjusted errors have been reported to the Treasurer and members via our letter issued in line with International Standard on Auditing 260 (ISA 260) *communication of audit matters with those charged with governance*.

## Legality

14. Each year we request written confirmation from the Treasurer that the board's financial transactions accord with relevant legislation and regulations. Significant legality requirements are also included in audit programmes. The Treasurer has confirmed that, to the best of his knowledge and belief and having made appropriate enquiries of the Chief Fire Officer and the Senior Management Team, the financial transactions of the board were in accordance with the relevant legislation and regulations governing its activities.
15. There are no additional legality issues arising from our audit which require to be brought to members' attention.

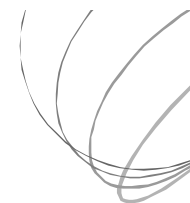




## Financial reporting outlook

### IFRS adoption

16. Central government and NHS bodies are to move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS) with effect from 2009/10. The government also announced its intention to publish Whole of Government Accounts on an IFRS basis from 2009/10. The intention is that local government will adopt IFRS for 2010/11, although there is a possibility that early adoption may be required in some areas.



# Financial position

## Introduction

17. In this section we summarise key aspects of the board's reported financial position and performance to 31 March 2008, providing an outlook on future financial prospects, including our views on potential financial risks. Our findings and key messages are set out in this section, highlighting the significant challenges being faced by the board in managing ongoing financial pressures in funding existing service delivery and future improvement.

## General fund

### Operating performance 2007/08

18. The board's net operating expenditure in 2007/08 was £23.972 million. This was met by constituent authorities' contributions of £16.151 million, resulting in an income and expenditure account deficit of £7.821 million. This represents 32.6% of the net expenditure for the year and largely reflects the unfunded nature of the Firefighters Pension Scheme.

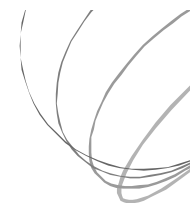
19. After making technical adjustments (as outlined in paragraph 20 below) for amounts required by statute and non statutory proper practices, a surplus of £0.398 million was achieved for the year

20. The movement on the general fund balance is an important aspect of the board's stewardship as the main budget reference point. The main technical adjustments required to arrive at the general fund balance result from:

- capital investment being accounted for as it is financed, rather than when fixed assets are consumed;
- retirement benefits being charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

21. The Board's budget for 2007/08, assumed that reserves of £0.434 million would be utilised in the year. As noted at paragraph 19 above, the actual outturn for 2007/08 was a surplus of £0.398 million. In his Foreword, the Treasurer summarises the principal reasons for the favourable budget variance of £0.832 million, including:

- increased income of £1.160 million from receipt of pension transfer values, transitional government funding, additional pension contributions and insurance receipts;
- increased employee costs of £0.288 million resulting from an additional fortnightly pay cycle in 2007/08.



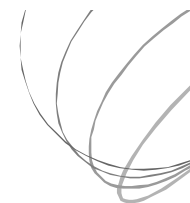
## **Reserves and balances**

22. The board holds a general fund which consists of both earmarked amounts set aside to support future years' expenditure and a contingency for unexpected events or emergencies. At 31 March 2008, the board held a general fund balance of £2.360 million of which £0.125 million has been earmarked to assist in implementing the modernisation agenda.
23. The Board has a policy to retain reserves at a level of 3% of annual net revenue expenditure as a contingency against unforeseen events and emergencies. The non-earmarked reserve balance exceeds the 3% contingency level.
24. Under the Police and Fire Services (Finance) (Scotland) Act 2001, the Board is entitled to carry forward any unused in-year amounts to the value of 3% of the contributions paid into the Board's general fund in the year. The Board is also entitled to carry forward cumulative unused amount to the value of 5% of the contributions paid into the Board's general fund in the year. The Board can only exceed these percentages with the approval of the Scottish Ministers.
25. While the Board's in-year balance carried forward is within 3%, the cumulative carry forward exceeds 5%. The Board has received Minister approval to carry forward the cumulative balance to 2008/09.

## **Spending on assets and long-term borrowing**

### **Capital performance 2007/08**

26. Since the introduction of the prudential code in April 2004, the board can decide locally on a capital investment strategy which meets best value requirements as well as being affordable. The board has used the code to increase its capital expenditure to improve its asset infrastructure.
27. Capital expenditure in 2007/08 totalled £0.911 million, reducing from £1.243 million in 2006/07. Capital investment in 2007/08 was funded wholly from government grants. There was an underspend of £0.383 million against the budgeted expenditure of £1.294 million contained in the capital expenditure programme in 2007/08. This underspend arose due to slippage in the purchase of land for the location of a new pump station at Stirling and a delay in the purchase of two fire appliances (due to a long lead time for assembly and delivery of the chassis).



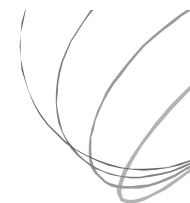
## Financial outlook

### Future capital programme

28. Revised capital investment programmes for 2008/9 and 2009/10 anticipate annual capital expenditure of £1.365 million and £0.892 million respectively. This is expected to be funded from capital receipts and government grants.

### Pension liabilities

29. Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long, the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions. In accounting for pensions, Financial Reporting Standard 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in very large future liabilities being recognised in the annual accounts.
30. The Firefighters pension scheme is unfunded and has no assets to be valued. The board's estimated Firefighters pension scheme liability at 31 March 2008 is £89.900 million, reducing from £96.600 million in the previous year, mainly as a result of an increase in the discount rate used by actuaries for FRS 17 calculations. As the scheme is unfunded, the pension liability will fall to be met by serving officers' contributions and by taxpayers in the future (through government grant and constituent authorities' contributions).
31. The board's estimated pension liabilities for support staff at 31 March 2008 exceeded its share of assets in the Falkirk Pension Fund by £0.448 million. The full actuarial valuation of the Fund at 31 March 2005 recommended that the overall net liability be recouped through increase contributions. Consequently, the board's contribution will rise from 270% of employees' contributions in 2007/08 to 295% in 2008/09. A full triennial actuarial valuation will be carried out in 2008/09 and will determine a fund valuation as at 31 March 2008.



# Governance

## Introduction

32. In this section we comment on key aspects of the board's governance arrangements during 2007/08. We also provide an outlook on future governance issues, including our views on potential risks.

## Overview of arrangements in 2007/08

33. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. The Board has a local code of corporate governance and a Governance Plan to ensure compliance with the Code. A revised *Code of Governance* report was approved by the Board in November 2007.
34. In 2007/08 we carried out a review of the governance arrangements in Central Scotland Joint Fire & Rescue Board. We concluded that, overall, the board had systems in place that operated well within a sound control environment, although some areas were identified where improvements could be made.

## Political Governance

35. The political context for boards changed significantly in 2007, with a new Scottish government and a shift to more coalition and minority administrations in local government. Nearly half of the councillors elected in May 2007 were new to local government.
36. For Central Scotland Joint Fire & Rescue Board, over 70% of the members are new appointments to the Board in 2007/08.
37. There is an expectation that training needs assessments are undertaken for all members and personal development plans compiled. The introduction of so many new members to the Board also increases the focus on learning and development. During 2007/08 a structured training framework was introduced for Board members and both training needs analysis and personal development reviews were completed. Various training events have either been held or are planned covering such issues as selection and recruitment, equality and diversity, scrutiny awareness and best value awareness.
38. A further development has been the creation of lead member roles to support the work being carried out in the areas of equality and diversity and community safety and operations. The role of a lead member was introduced to increase elected members engagement in some of the Board's key areas of interest. At the March 2008 meeting of the Board, members agreed both the appointment of lead members in these key areas and their terms of reference.



## Best Value and Scrutiny Committee

39. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account on service delivery and support the reform and modernisation agenda. The Board has a Best Value and Scrutiny Committee which carries out this role, comprising six elected members selected from constituent local authorities.
40. The Board has not assessed the Best Value and Scrutiny Committee to ensure that it is carrying out its functions in an effective manner. CIPFA/SOLACE has set out a number of principles in their guidance *“Audit Committee Principles in Local Authorities in Scotland”*. The guidance contains a good checklist against which audit committees can be assessed.

**Key risk area 1**

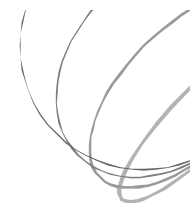
## Internal Audit

41. Internal audit provides an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. The board’s internal audit service is provided by Falkirk Council.
42. We carry out an annual review of the board’s internal audit arrangements against CIPFA’s revised Code of Practice for Internal Audit in Local Government 2006. We are pleased to conclude that internal audit work within the board is of a sufficient standard which allows us to place reliance on internal audit work in order to reduce our own input.

## Risk management

43. In 2006/07, we identified the development of effective risk management processes as a key issues for the Board to take forward. Although a comprehensive risk management policy has been put in place, further action is required to fully embed risk management across the organisation.
44. Some progress has been made with the appointment of a risk manager and a structured training programme is in progress. In addition, a review is underway on the way the service manages risk. We understand that the introduction of a Risk Management Committee is being considered to monitor the risk management process.

**Key risk area 2**



## Systems of internal control

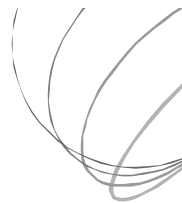
45. A Statement on the System of Internal Financial Control for the board was included within the financial statements. Following receipt of the Chief Fire Officer's assurance certificate on financial controls, the Treasurer concluded that he was satisfied that reasonable assurance could be placed on the adequacy and effectiveness of the systems of internal control operated by the board.
46. In his May 2008 report to the Best Value & Scrutiny Committee, the Internal Audit Manager concluded that he was able to provide limited assurance on the Board's overall framework of control for the year to 31 March 2008. Although substantial assurance could be provided for resourcelink (payroll) management and security, fundamental weaknesses were found in the framework of internal control relating to vehicle management and no assurances could be provided on the adequacy of the control environment in this area. These fundamental weaknesses, along with a failure to adequately address recommendations made previously in Internal Audit reports on Corporate Governance and IT arrangements, have resulted in the limited assurance reflected in the Statement on the System of Internal Financial Control. We understand that work is underway to address these fundamental weaknesses and the previous Internal Audit recommendations.
47. As part of our work to provide an opinion on the annual financial statements we assessed the extent to which we could gain assurance on a number of the board's main financial systems. We assessed the following central systems as having a satisfactory level of control for our purposes:
- Payroll
  - Main accounting system
  - Accounts payable
  - Cash Income and banking
  - Budgetary control
  - Fixed assets
  - Accounts receivable

## Prevention and detection of fraud and irregularities

48. The board has an approved Anti-Fraud Policy and Fraud Response Plan which contribute to sound arrangements to prevent and detect fraud and corruption. Each year, Audit Scotland gathers information on cases of fraud identified by audited bodies, including Fire & Rescue boards. In 2007/08, there were no cases reported for Central Scotland Joint Fire & Rescue Board.

## NFI in Scotland

49. In 2007/08, the board again took part in the National Fraud Initiative (NFI) in Scotland. The exercise is undertaken as part of the audits of the participating bodies. NFI brings together data from councils, police and fire & rescue boards, health bodies and other agencies, to help identify and prevent a wide



range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. The NFI has generated significant savings for Scottish public bodies (£27 million to 2005) but, if fraud or overpayments are not identified in a body, assurances may be taken about internal arrangements for preventing and detecting fraud.

50. The NFI 2006/07 results (data matches) were made available to the board on 29 January 2007 via a secure web-based application. Participating bodies follow up the matches, as appropriate, and record the outcomes of their investigations in the application. The process is managed by Falkirk Council on behalf of the board, with the Head of Internal Audit having overall responsibility for co-ordinating and monitoring progress in the initiative.
51. We monitored the board's involvement in NFI during the course of the audit and found that the Head of Internal Audit had taken appropriate steps to manage the process. Overall 19 data matches were identified and all were investigated with no significant losses identified to date.

## **Governance outlook**

52. In the coming years the board faces challenges to improve its governance arrangements, including
  - ensuring that the political structure encourages effective scrutiny and corporate governance that will be inclusive and involve all members;
  - ensuring that members receive adequate training to enable them to fully participate in the scrutiny process;
  - completion of the Board's structured training programme to support its strategic approach to risk management, followed by the embedding of risk management in strategic and operational planning activity.

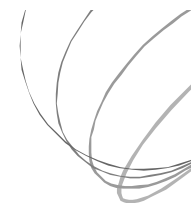




# Performance

## A performance audit of the Scottish fire and rescue authorities

53. The Fire (Scotland) Act 2005 established a statutory framework to enable Scottish fire and rescue authorities to modernise their service. The Act was accompanied by a statutory Fire and Rescue Framework for Scotland.
54. In July 2008 Audit Scotland published its *Scottish fire and rescue authorities 2007/08 – progress report*, a follow-up to the March 2007 publication *A review of service reform in Scottish fire and rescue authorities*. Whilst it was recognised that there was little more than a year between the two reports it was considered important that the pace of change in reforming services and increasing efficiency be sustained. The review is intended to reinforce and support that process.
55. Overall the review found that fire and rescue authorities had made progress in a number of areas, namely:
  - implementing initiatives to increase the engagement of elected members, which has resulted in greater awareness of their responsibilities around governance and scrutiny
  - taking a more strategic approach to partnership work, with more partnership registers and a more proactive role in Community Planning partnerships
  - continuing to prioritise resources into community safety and fire prevention, within the context of their Integrated Risk Management Plans.
  - developing personal appraisal systems for staff and implementing the Integrated Personal Development System for retained staff
  - taking positive steps to achieve a more diverse workforce and updating policies to reflect equalities issues.
56. The report also drew attention to areas where progress had been slower, in particular:
  - evaluating the impact, outcomes and cost-effectiveness of community safety activities
  - developing comprehensive performance management arrangements and using these to drive improvement activity
  - providing robust evidence to demonstrate whether efficiency savings are being delivered
  - public reporting arrangements still have some way to go before meeting statutory Best Value guidance on public performance reporting



57. The report is also being used to assist the development of the approach to the audit of Best Value in Fire & Rescue authorities. Through the future best value audit process we will examine the board's progress in achieving best value.

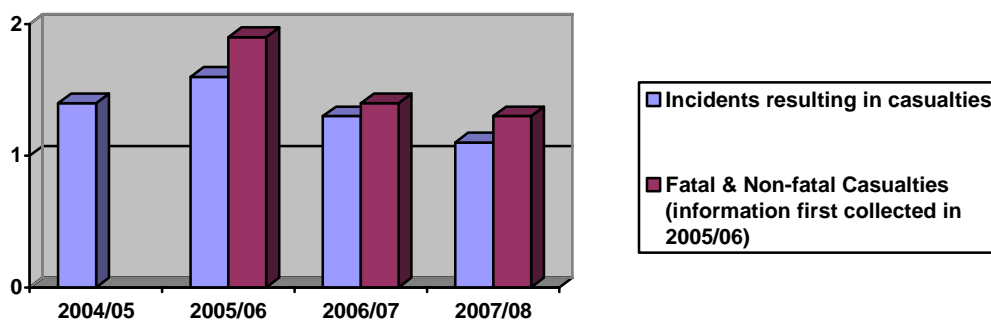
## Statutory performance indicators

58. The Board has a statutory duty to collect, record and publish specified performance indicators and, so far as is practicable, ensure they are accurate and complete. The Accounts Commission issue a Direction each year detailing the statutory performance indicators (SPIs) that require to be published and external auditors review the Board's arrangements and return details of the indicators, including an opinion on their reliability, to Audit Scotland headquarters to enable compilation of national reports on performance.

59. Our assessment of the statutory performance indicators highlighted that the arrangements for collecting, recording and publication of the indicators were reliable.

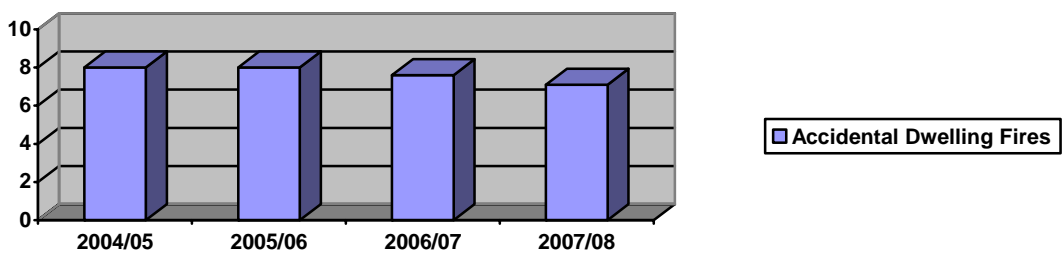
### *Fire Casualties*

60. The SPIs show decreasing numbers of both incidents (reducing from 1.3 per 10,000 of population in 2006/07 to 1.1 in 2007/08) and casualties (reducing from 1.4 per 10,000 of population in 2006/07 to 1.3 in 2007/08). Both indicators compare favourably to the 2006/07 Scottish averages of 2.0 and 2.6 respectively (the latest available comparative year).



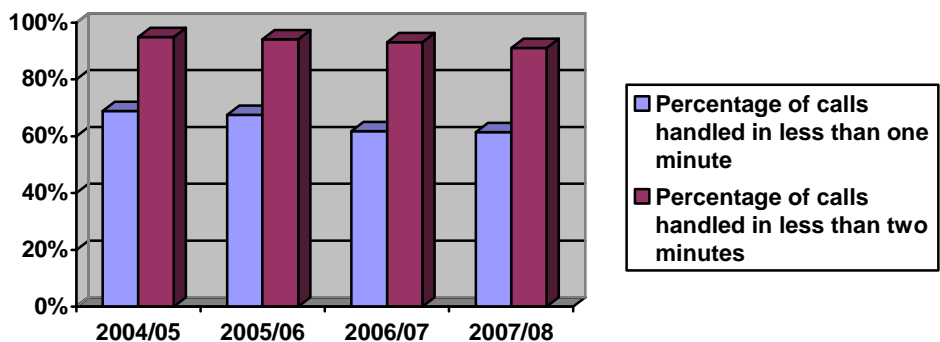
### *Accidental Dwelling Fires*

61. This SPI also shows decreasing numbers of accidental dwelling fires, reducing from 7.6 per 10,000 of population in 2006/07 to 7.1 in 2007/08. This indicator also compares favourably to the 2006/07 Scottish average of 10.7.



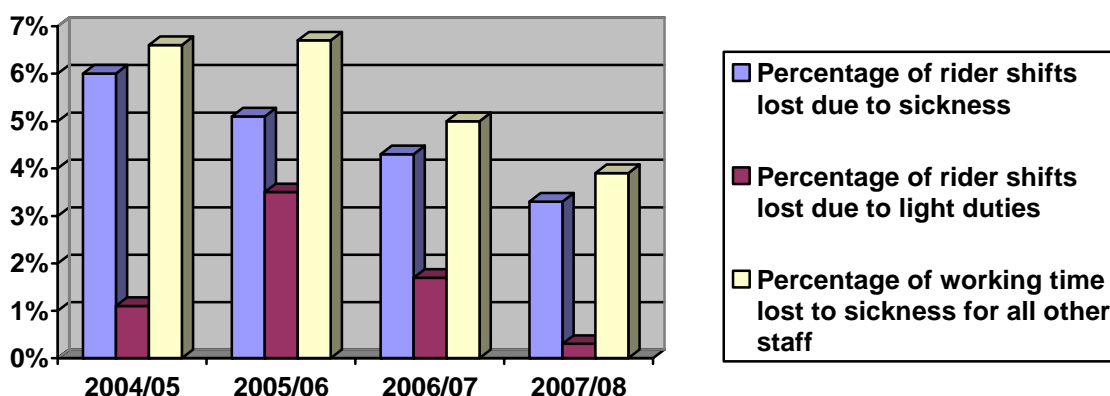
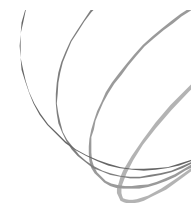
### **Call Response Times**

62. The timeliness of response to 999 calls is a key indicator of the effectiveness of the Fire & Rescue Service. Performance in this area has been decreasing year on year, with the percentage of calls responded to within one minute falling from 61.8% in 2006/07 to 61.4% in 2007/08 and within two minutes from 93.1% in 2006/07 to 91.1% in 2007/08. Neither indicator compares well to the 2006/07 Scottish averages of 64.6% and 95.3%.



### **Proportion of working time lost due to sickness absence**

63. Improved levels of sickness absence for both Firefighters and all other staff have been achieved in 2007/08. The 2007/08 percentage of rider shifts lost due to sickness has improved from 4.3% to 3.3% and the 2007/08 percentage of other staff time lost due to sickness from 5.0% to 3.9%. These indicators also compare favourably with the 2006/07 Scottish averages of 6.0% and 5.0% respectively. The percentage of rider shifts lost due to light duties has improved from 1.7% to 0.3% and now compares favourably to the 2006/07 Scottish average of 0.8%.



## Performance outlook

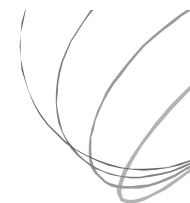
64. In our audit work we examine the strategic risks to the Board in delivering on its stated objectives and priorities in the years ahead. In 2007/08 we have looked at the progress made by the Board during the year and the key risks yet to be fully addressed. These risks were set out in our 2007/08 Audit Plan which was submitted to the board in February 2008.

65. **Effective strategic planning:** effective strategic planning requires a clear link between corporate planning, service planning and financial planning. In our 2006/07 report on the audit we noted that the Board was not able to demonstrate these linkages in their strategic planning processes. During 2007/08 the Board carried out work on integrating the service and business planning processes, with a new planning cycle implemented in April 2008. We plan to review these planning processes as part of our future audit work.

66. **Performance Management:** in our 2006/07 report on the audit we noted that the board's performance management processes were underdeveloped and that the board was still developing its Public Performance Reporting processes. The appointment of a planning and performance manager scheduled for March 2008 has been delayed and it is anticipated that the appointment will not be made before the end of December 2008. Work is currently being undertaken in preparation for this new manager post. The development of a performance management framework will be a key part of the remit of the new planning and performance manager.

### Key risk area 3

67. **Public Performance Reporting:** in our 2006/07 report on the audit we noted that the board was still developing its Public Performance Reporting processes. The planning and performance manager will also have a key role to play in this process.



68. We understand that research is currently being undertaken to review the Board's communications strategy and to formally develop a post in the organisation with specific responsibility for corporate communications and media relations. It is anticipated that this post will also be filled by the end of December 2008.

#### Key risk area 4

69. **Best Value Reviews:** although the Board has yet to introduce a best value review programme, supported by a mechanism which ensures that the programme leads to actual improvements in the delivery of services, some progress in this area has been made. Revised terms of reference for the Best Value and Scrutiny Committee have been implemented and reports on best value issues will be submitted to this committee. A programme of best value reviews has not yet been presented to this committee, however.

#### Key risk area 5

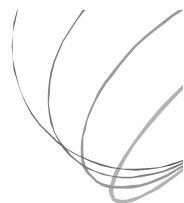
70. **Workforce Planning:** a formal workforce strategy is still not in place at the Board. Whilst a draft Human Resources Strategy had been developed for the service, national developments in Career and Contribution Management have superseded the work previously undertaken. A new workforce strategy is to be developed to reflect the national developments, with the existing HR Strategy being subsumed into the new overarching workforce strategy. We understand that the new workforce strategy will be developed during the remainder of the current financial year.

#### Key risk area 6

71. The board previously intended to introduce a staff appraisal system from April 2008 as part of its career and contribution management framework. There has, however, been some slippage in this timetable and it is now anticipated that the roll out of the staff appraisal system will commence in January 2009. A working group was set up to implement the objectives within the framework and the group is currently evaluating a number of appraisal system documents.

#### Key risk area 7

72. **Asset Management:** the Board's capital expenditure and funding arrangements are operated under the 'Prudential Code', a prudential regime based largely on self-regulation. A key requirement of the Code is the development and maintenance of Asset Management Plans. The Board does not have a comprehensive asset management strategy and supporting plan in place, linked to service planning priorities and the achievement of strategic objectives. Service management are aware of the need for a comprehensive asset management strategy but progress to date has been limited. National



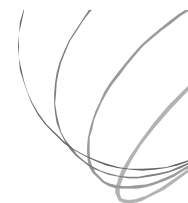
negotiations are taking place in relation to procuring a national asset management system and progress in this work is being monitoring.

**Key risk area 8**



# Final Remarks

73. Attached to this report is an action plan setting out the key risks identified by the audit which we are highlighting for the attention of members. In response, officers have considered the issues and have agreed to take the specific steps set out in the column headed 'planned management action'. On occasion, officers may choose to accept the risk and take no action. Alternatively, there may be no further action that can be taken to minimise the risk. Where appropriate, the action plan clearly sets out management's response to the identified risks.
  
74. Appropriate mechanisms should be considered and agreed by members for monitoring the effectiveness of planned action by officers. We will review the operation of the agreed mechanism as part of the 2008/09 audit.
  
75. The co-operation and assistance given to us by Central Scotland Joint Fire & Rescue Board members and staff is gratefully acknowledged.



# Appendix A: Action Plan

## Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1.	40	<p><b>Best Value and Scrutiny Committee</b></p> <p>The board has not assessed the Best Value and Scrutiny Committee to ensure that it is carrying out its functions in an effective manner.</p> <p><b><i>Risk: the committee may not be effective in scrutinizing the activities of the board and holding management to account.</i></b></p>	<p>The Joint Board considers and addresses the minutes of sub committee meetings and in doing so can further examine the issues raised.</p> <p>However it is recognised that further training is required of members to further develop them in the performance of their scrutiny role.</p> <p>This training will be undertaken by the Clerk to the Board and involve the use relevant expertise and will be scheduled to take place in the new year.</p>	Clerk of the Board	March 2009
2.	44	<p><b>Risk management</b></p> <p>Although a risk management policy has been put in place, further action is required to fully embed risk management across the organisation. A review is underway on the way the service manages risk. We understand that the introduction of a Risk Management Committee is being considered to monitor the risk management process</p> <p><b><i>Risk: In the absence of fully embedded risk management processes, risks to the achievement of the Board's key objectives may not be identified and managed</i></b></p>	<p>As noted, the service is reviewing the way in which it manages risk. The Risk Management function is likely to be reorganised to have a wider remit and governance arrangements will be realigned to reflect this. It was felt that the Tactical Implementation Group was not the correct forum for Risk Management to report to and the introduction of a Risk Management Committee would appear to the more appropriate way forward.</p>	Director of Service Delivery	April 2009

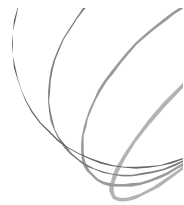




Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
3	66	<p><b>Performance management</b></p> <p>The Board's performance management processes are still underdeveloped. The appointment of a Planning and Performance Manager who will be responsible for developing the system has been delayed.</p> <p><b>Risk: The Board is unable to measure and monitor its performance against its corporate objectives and key targets.</b></p>	<p>A draft Job Description and Person specification has been prepared and is being evaluated as part of the Single Status project. Clarification is needed on the reporting/structural implications and potential costing for a Performance Management system.</p> <p>Consultancy work has been carried out in preparation for the new post holder.</p>	Director of Service Support	December 2008
4.	67-68	<p><b>Public performance reporting</b></p> <p>The board is still developing its Public Performance Reporting processes. This function will fall within the remit of the new Planning and Performance Manager. We also understand that research is currently being undertaken to review the communications strategy.</p> <p><b>Risk: in the absence of an effective public performance reporting framework, insufficient information may be provided to the public in informing them of service performance.</b></p>	<p>Work is ongoing to develop and implement quarterly and annual PPR. This is linked to the appointment of the performance management post referred to above.</p> <p>Research is also being undertaken to review the Service's Communications Strategy and to formally develop a post in the organisation with specific responsibility for Corporate Communications and Media Relations.</p> <p>A job description and person specification are being evaluated as part of the Single Status project with a view to making an appointment to this post.</p>	<p>Chief Fire Officer</p> <p>Director of Service Support</p>	<p>Ongoing</p> <p>March 2009</p>
5.	69	<p><b>Best Value Reviews</b></p> <p>The Board has yet to introduce a Best Value Review Programme, supported by a mechanism which ensures that the programme leads to actual improvements in the delivery of services.</p> <p><b>Risk: the Board is unable to provide evidence of continuous improvement and Best Value in the delivery of key services.</b></p>	<p>A report is to be submitted to the Best Value &amp; Scrutiny Committee in November 2008 exploring the options for the service's approach to best Value. This will include consideration of Best Value Reviews.</p>	Director of Service Support	January 2009



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
6	70	<p><b>Workforce planning</b></p> <p>A formal workforce strategy is still not in place at the Board. Work is ongoing to develop the board's strategy and action plan informed by a national workforce strategy developed by the CFOA. The aim is to align these objectives to the service's development plan.</p> <p><b>Risk: progress in implementing the board's corporate objectives may be hindered in the absence of a workforce plan/strategy.</b></p>	<p>Draft strategy is currently being reviewed by Head of Human Resources and HR Manager and it is anticipated that it will be taken to the SMT in November for ratification.</p> <p>The Head of Human Resources is currently considering the objectives within the new strategy and its related action plans.</p> <p>On completion the new strategy will be submitted to SMT for ratification.</p>	Director of Service Support	March 2009
7	71	<p><b>Workforce planning</b></p> <p>There has been some slippage in the timetable for introducing a staff appraisal system and it is now anticipated that the roll out will commence in November 2008.</p> <p><b>Risk: staff may not be adequately supported in developing their skills to ensure that they can carry out their tasks effectively in support of the board's objectives.</b></p>	<p>A working group has been set up to implement the objectives within the framework. The group are currently evaluating a number of appraisal system documents.</p> <p>A draft policy and templates have been piloted through appraisals for Directors. The process and documentation will now be reviewed and cascaded on through senior managers.</p> <p>A joint working group has been set up with representative bodies to agree the final process.</p>	Director of Service Support	Roll out to commence January 2009



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
8	72	<p><b>Asset management</b></p> <p>The board does not have a comprehensive asset management strategy and supporting plan in place, linked to service planning priorities and the achievement of strategic objectives. Management are aware of the need for a comprehensive asset management strategy but progress to date has been limited. National negotiations are taking place in relation to procuring a national asset management system and progress in this work is being monitoring.</p> <p><b><i>Risk: the board may be unable to demonstrate the sustainability of spending decisions or a robust, affordable and sustainable approach to capital planning in the longer-term.</i></b></p>	<p>Scottish Fire Services are working to procure a national solution for asset management.</p> <p>Central Scotland Fire &amp; Rescue Service is a key player in this piece of work and are part of the national working group. The service is monitoring developments but there is some concern about timescales for delivery.</p>	Director of Service Support	April 2009