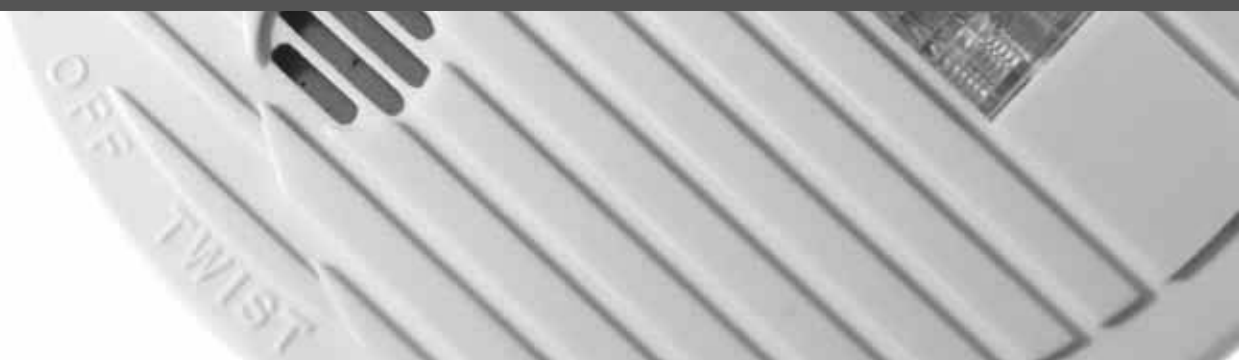


The Audit of Best Value

Highlands and Islands Fire and Rescue



Prepared for the Accounts Commission
March 2012



The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, requests local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit, including the audit of Best Value and Community Planning
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 45 joint boards and committees (including police and fire and rescue services).

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Commission findings

1. The Accounts Commission accepts the report of the Controller of Audit on the Best Value audit of Highlands and Islands Fire and Rescue.
2. The Commission is seriously concerned that Highlands and Islands Fire and Rescue does not demonstrate Best Value. While the area has a low number of casualties and the Commission recognises the challenge of providing an effective service in such an expansive and remote area, the service is unable to demonstrate that its approach – particularly in how it matches resources to community risk – is sustainable.
3. The Commission notes with concern that the service's approach to deployment of stations and fire fighters is not based on a strategic use of Integrated Risk Management Planning. There are some serious weaknesses in how the service manages its workforce, for example in relation to training and health and safety issues.
4. It is noted that over a number of years there has been poor leadership and governance of the service by both the joint board and the senior management team. But it is encouraging that steps have been taken recently to improve officer leadership. There have also been improvements to the quality of performance information reported to the board.
5. The board now needs urgently to demonstrate better leadership and show that it can fulfil its statutory responsibilities in providing a sustainable fire and rescue service for its communities. To this end, the constituent councils need to ensure that board members have the skills and support required to scrutinise and challenge the service in order that they can make the difficult decisions needed to demonstrate best use of resources. This is especially important at this critical time for the board as it faces local government elections followed by a period of transition in the run up to the development of a national fire and rescue service.
6. While noting developments nationally in relation to a proposed national fire and rescue service, the Commission has asked the Controller of Audit to monitor the progress of the service in responding to its findings and to his report.
7. The Commission will review its findings from this audit alongside those of the forthcoming audit of all other fire and rescue services in Scotland, with a view to producing in 2012 a national overview of its work in fire and rescue.

The Audit of Best Value

1. Local authorities in Scotland, including fire and rescue, have a statutory duty to deliver best value in their services. This requires them to establish management arrangements, aimed at securing continuous improvements in their performance while maintaining an appropriate balance between quality and cost.
2. Since 2004, Audit Scotland has carried out audits of Best Value in each of the 32 councils in Scotland and in most police authorities. These audits have helped to improve performance and accountability in local government and have brought unsatisfactory performance to the public's attention through the public reporting process.
3. The responsibilities of fire and rescue services have changed significantly over the past decade. In 2003, all Scottish services were required to produce Integrated Risk Management Plans (IRMP), identifying the level of local risks and determining the appropriate allocation of resources. The Fire (Scotland) Act 2005 introduced further changes, placing a strong emphasis on prevention rather than simply emergency response.
4. Some aspects of Best Value in fire and rescue have been covered in earlier Accounts Commission reports, particularly the *Scottish Fire Service: verification of the progress of modernisation*, published in 2004, and the *Review of service reform in Scottish fire and rescue authorities*, published in 2007. So far, however, there has not been any dedicated audit, covering all key aspects of Best Value.
5. Following a formal consultation with stakeholders in late 2010, the Accounts Commission decided that the audit of Best Value should be extended to fire and rescue. With the Scottish Government signalling a potential restructuring of the services, however, it was recognised that the audit needed to be proportionate, seeking to identify the key strengths which should be retained in a future structure and any significant weaknesses which needed to be resolved. The Scottish Government has subsequently announced its commitment to deliver a single fire and rescue service for Scotland, with details on the Police and Fire Reform Bill (Scotland) 2012 published in January 2012.
6. During 2011, audits were carried out at each of the eight Scottish fire and rescue services and authorities. These focus on core issues, such as strategic planning, the role of members, financial management, and service performance and costs. These local reports, which will support improvement and local accountability, will be followed by the publication of a national overview report in 2012. A number of best value issues, including equalities, sustainability and procurement have not been covered directly in the scope of the local audit work. These, along with a range of other issues, will be covered in the national overview report.
7. We carried out the Best Value audit of Highlands and Islands Fire and Rescue (H&IFR) during September 2011. We gratefully acknowledge the co-operation and assistance provided to the audit team by the Chief Fire Officer, Trevor Johnson; the Chair of the Highlands and Islands Joint Fire Board, Councillor Richard Durham, and all other elected members and staff involved.

Summary

8. The Highlands and Islands area provides a range of significant challenges for the provision of a fire and rescue service. While the number of fires and casualties are among the lowest in Scotland, the scale of the area covered and the remoteness of many of its communities affect many aspects of service performance and delivery. For example, it largely relies on part-time Retained Duty System (RDS) firefighters. Almost inevitably, response times are significantly longer than in most other parts of the country. At the same time, the cost per head of population is the highest in Scotland.
9. There are serious concerns about the sustainability of the fire cover model that has developed within Highlands and Islands. This differs from the approach taken by other fire and rescue services, with resources spread widely across remote communities rather than concentrated on areas of greatest risk. Elements of IRMP have been in place since 2004. But the current deployment of one whole-time station and 95 part-time RDS stations, supported by a further 23 community response units, reflects historic factors rather than a strategic use of IRMP. Preventative work, such as home fire safety visits, has been carried out in significant quantities but has not been used in an integrated way to influence the future deployment of stations or firefighters. This means that there is not a clear matching of resources to community risk.
10. In earlier years, H&IFR has suffered from poor leadership, at both officer and elected member level. A major expansion of the service was carried out in 2003/04, with the reclassification of 61 volunteer auxiliary units, situated in some of the most remote parts of the country, to full RDS stations. This was not based on objective risk assessments. There was also insufficient consideration of the implications of this decision in terms of its sustainability and impact on service delivery. Significant capital investment has been needed to upgrade and equip these fire stations. It has had some success in attracting additional capital funding from the Scottish Government, building 30 new stations and investing in new fire engines. However, it still has a capital backlog of £17 million, with a further 35 stations identified as being in need of upgrading. In addition, this capital programme is not directly driven by community risk with, in some cases, investment proposed for stations with low activity levels. There is no evidence to show that this represents the best use of resources.
11. More fundamentally, however, the major expansion of its workforce, almost doubling in size in 2004, has had major consequences on a wide range of operational issues, such as firefighter training, health and safety, and communications. The service has had limited success in addressing these issues. As a result, there are significant health and safety risks in relation to firefighters. Since 2010, management capacity has increasingly focused on the need to improve the training of firefighters. There has, for example, been a programme of catch-up training on breathing apparatus and additional funding of £1 million has been approved to support retained firefighter and incident command training. However, the drive to address the fundamental weaknesses in workforce issues have been hindered by the limited number of training staff and the logistics of supporting firefighters dispersed over a wide area. ICT systems are not adequate to properly support remote training and there is a lack of operational assurance processes to measure the impact of training. This hinders the maintenance of consistent standards across the service.

12. There is clear evidence of a marked improvement, in recent years, in the leadership being provided by senior officers. There have been significant improvements in performance management systems and the range of information provided to members. Since 2010, the last two chief fire officers (CFOs) have developed a methodology to identify the less viable stations and put forward some limited proposals to change their role. However, these moves have been constrained by a clear desire from elected members to maintain the existing range of fire stations. Discussions on the sustainability of individual stations have tended to focus on the difficulties in recruiting firefighters rather than community risk. Even where there are clear recruitment difficulties, decisions have been postponed.
13. More recently, however, the head of the Scottish Government's Scottish Fire and Rescue Advisory Unit (SFRAU) has expressed the need for greater urgency, with serious concerns about the fire cover model used in the Highlands and Islands and its compatibility with the approach taken in other parts of the country. This need to develop the service along nationally recognised lines led to the creation of a peer support team, formed from senior officers from other Scottish fire and rescue services. This team has identified a wide range of major shortcomings within H&IFR in areas such as staff training, quality assurance processes and health and safety. Essentially, it has concluded that the service's resources are spread too thinly over too many locations and that the current fire cover model needs to be urgently addressed.
14. There are also signs of a growing awareness among elected members on the need to reconsider the board's strategic approach. They have shown a willingness to recognise the challenges faced by H&IFR and have expressed concerns at the scale of the issues now being highlighted. This indicates that the standard of member scrutiny has been poor in previous years, but there is a growing understanding of the need for change. Substantial additional resources would be required to maintain the current level of stations and ensure that statutory health and safety standards are met. More fundamentally, there is a need to ensure that the deployment of resources matches community risk. However, given the prospect of a national fire and rescue service being established by 2013, doubts remain about the appetite of members to now take these difficult decisions.

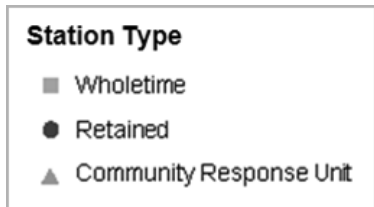
Part 1. Context

15. Highlands and Islands includes the local authority areas of the Highlands, Comhairle nan Eilean Siar (Western Isles), Orkney and Shetland. It covers the largest land area of the eight Scottish fire and rescue services at 31,187 km². The area is predominantly rural with many islands, rugged coastlines, hilly and mountainous terrain. This presents many challenges for delivery of a fire and rescue service.
16. The population of Highlands and Islands is a little over 290,300. The population density is low, with an average of 9.3 people per km² but with a significant proportion of people living in towns, the population density is much lower in a large proportion of the area. The main population settlement is Inverness (56,660), with a number of other towns of between five and ten thousand including, Fort William, Nairn, Thurso, Wick, Kirkwall, Lerwick, Stornoway, and Alesness.
17. The population is projected to increase slightly but also to increase in the proportion that are over 65 at a slightly higher rate than the Scottish average. Older people are a higher risk group and particularly with the predominantly rural nature of the area and high levels of inaccessibility this also presents further potential risk issues for service demand and capacity for delivery.
18. H&IFR is governed by a joint fire and rescue board that comprises 24 councillors. Sixteen of the members are Highland Council members, four are from Comhairle nan Eilean Siar, two are from Orkney Islands Council and two are from Shetland Islands Council. The joint board meets four times per year, and is supported by a number of subcommittees including a Best Value and Audit working group and Service Improvement working group. The current joint board was established in June 2007.
19. H&IFR delivers its services from one whole-time station in Inverness, 95 retained stations and 19 Community Response Units (Exhibit 1). The service spent £21.6 million in 2010/11 on its running costs. It employs around 1,400 staff. Of these, around 82 per cent are retained firefighters notably higher than the Scottish average of 34 per cent. It has a fleet of 142 emergency response vehicles, ranging from community response vehicles, standard water tenders with ladders, tenders with additional road traffic collision equipment, through to an aerial ladder platforms and a control unit.
20. In the 1990s and until 2004/05, the service had one station in Inverness, crewed by whole-time staff, supported by a network of 36 equipped RDS stations. These stations in turn were supported by a large number of volunteer auxiliary units which operated from basic sheds with minimal equipment, transported to a fire in the volunteers own vehicles. Many of these were introduced on community request rather than because of identified risk.
21. In 1999/2000, the service had an ongoing programme of improvement of the retained and auxiliary units. By 2003/04, at the time of developing the initial IRMP, the joint board at that time were considering the viability of the arrangements. In discussions with the service and board, Her Majesty's Chief Inspector of Fire Services (HMCIFS) suggested that due to the non-strategic manner in which volunteer stations had developed, a significant proportion may not be required. However, the joint board agreed the service's infrastructure would comprise one whole-time, 95 RDS stations (with 61 voluntary units upgrade to RDS stations) to provide the primary strategic

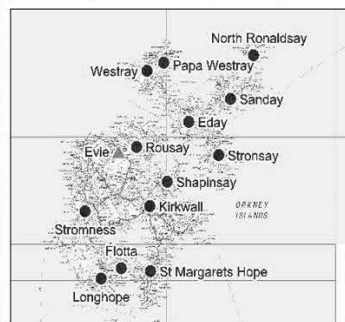
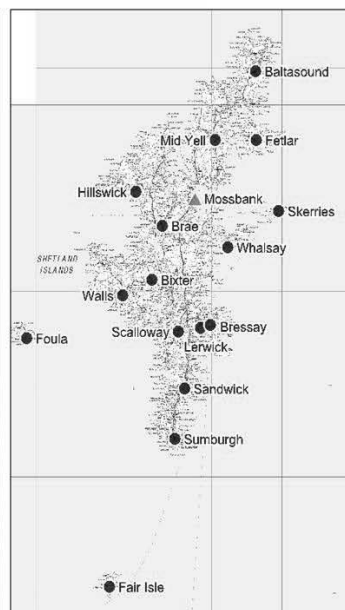
emergency response and 32 non-strategic Community Response Units (CRUs) to undertake a range of support roles.

22. Since 2005/06, the joint board and service have been upgrading the stations, to provide suitable equipment, vehicles and premises. In order to help achieve this, the Scottish Government has provided enhanced levels of capital funding. Thirty new stations have been put in place to date but there is a substantial way to go with this programme. Following the decision to move to the current model, in 2006/07 the service began a phased review of all of the stations.
23. There have been a number of notable changes in leadership in recent years.
 - During 2007/08 the CFO, who had been in post since 1999, was absent for a significant period and the deputy CFO took an acting CFO role.
 - The CFO resigned as of January 2010, replaced by an interim CFO on secondment from Dumfries and Galloway Fire and Rescue Service.
 - In May 2011, the interim CFO retired and the current CFO took up post.
24. Since the appointment of the interim CFO in January 2010 there has been a notable change in leadership and focus on improvement, referenced throughout this report. This has been built on by the current CFO.
25. During 2011 there has been a management restructure and a restructure of the districts from 11 to four. The new fire cover model has been presented to the joint board and dialogue with the joint board about the challenges the service face have become more transparent.
26. Since his appointment the current CFO has also engaged in discussions with SFRAU on progress with improvement priorities, the fire cover model and internal capacity.
27. In November 2011, to help address the significant challenges identified, the joint board agreed to external support for the CFO from a peer support team.

Exhibit 1: Staffing and fire stations in Highlands and Islands



	Highlands & Islands		Scotland
	No.	%	%
Whole-time	145	10	50
Retained	1188	84	34
Other	82	6	16
Total	1415	100	100



Source: Map - H&I Fire and Rescue Service
 Staffing data - CIPFA Statistical Returns (as at 31st March 2011)

Part 2. Governance and management

Vision and strategic direction

For a number of years there has been poor leadership and governance of the H&IFR Service by both the joint board and the senior management team. The lack of leadership and direction over time has meant that many service arrangements need improvement and the service delivery model is now unsustainable. An improvement in management over the past two years is evident but there is insufficient resources and capacity within the organisation to manage the significant improvement needed in many of its arrangements at a sufficient pace. A good deal of work has been undertaken to develop a new model for delivery of services across the area but SFRAU have expressed concerns about the safety and efficacy of the model.

28. H&IFR sets out its strategic vision in its service improvement plan (SIP). The service annually produces a three-year SIP. In the 2011/12 - 2013/14 plan, the service has revised and refined its mission statement to 'helping make the Highlands and Islands a safer and better place to live, work and visit'. This mission is supported by four strategic aims and nine strategic objectives (Exhibit 2). The objectives reflect areas where the service recognises it needs to make improvements and other challenges it needs to address.

Exhibit 2: Strategic aims and objectives

Aims:

- Prevention: engaging with our communities to inform and educate people in how to reduce the risk of fires and other emergencies.
- People: providing the support for a well-equipped, skilled, and motivated workforce whose composition and purpose reflects the risks and diversity of the communities we serve.
- Response: planning and preparing for emergencies that may happen, and making a high quality, effective and resilient response when emergencies arise.
- Resource: managing our resources efficiently and effectively, ensuring value for money, demonstrating public accountability, and championing environmental responsibility.

Objectives:

- Verification of our operational capability
- Effective management of our retained availability
- Undertake a review of training
- Define our fire cover model
- Review our asset management strategy
- Improve communication within the service
- Review our IT strategy
- Undertake a review of our key documentation
- Prepare for the government's Spending Review outcomes

Source: Highlands and Islands Fire and Rescue

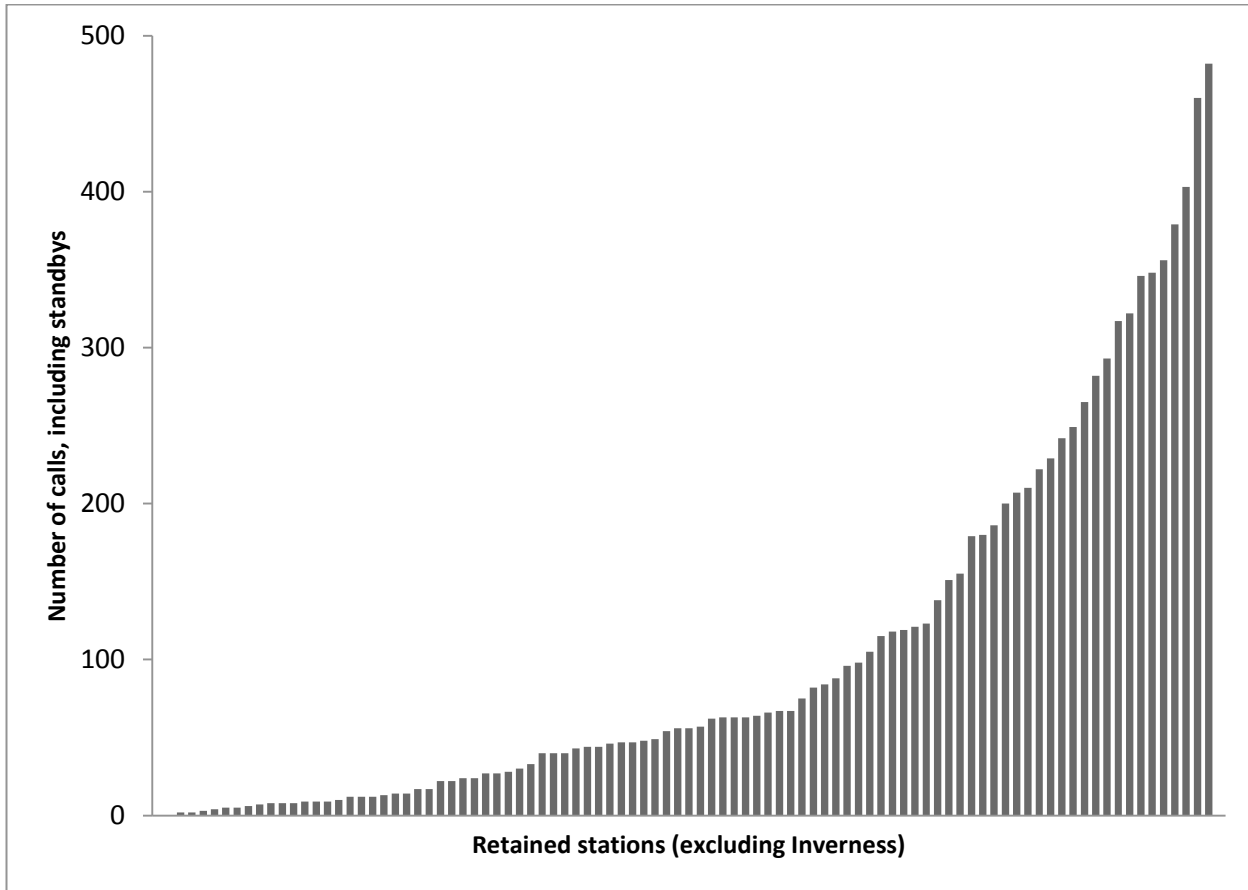
29. The responsibilities of fire and rescue services have changed significantly over the past decade. In 2003, all Scottish services were required to produce Integrated Risk Management Plans (IRMP), identifying the level of local risks and determining the appropriate allocation of resources. The Fire (Scotland) Act 2005 introduced further changes, placing a strong emphasis on prevention rather than simply emergency response.
30. H&IFR produced an initial IRMP plan in 2005. This outlined the context of the area, the main community risks, and broad actions to take forward prevention activities and develop its approach to risk planning. The service subsequently produced IRMP annual action plans and has incorporated this within its SIP since 2008/09. The current SIP outlines the aims and planned activities of the service but has lost the risk focus of the IRMP; it does not articulate the local risks and community needs and how these are being managed.
31. IRMP has not been used to-date by H&IFR to strategically align its resources. However, the service has slowly progressed its commitment in the 2005 IRMP to review its framework. A significant amount of work has been undertaken by the service to develop this, including detailed risk profiles for each station area, a risk mapping exercise to review different options and, a review of the sustainability of each station in relation to the recruitment of sufficient numbers of firefighters. This has been undertaken in a phased approach and has culminated in a new fire cover model that has been approved in principle by the board. The model proposes three different levels for current retained stations:
- Primary – mobilised to all incidents.
 - Standard – specific equipment to deal with all core incidents.
 - Community Response Resilience Unit – with a possible limited structural firefighting capability, subject to developing suitable safe systems of work.

Factors the service has used in its assessment of each station include:

- Sustainability – the ability of the station to function and attract new personnel into the future
 - Risk levels – life risk, the concentration of vulnerable people, potential role in community resilience
 - Support – the ease with which supporting appliances can reach a station and the potential for each station to support others
 - Activity rate – the frequency with which a station is mobilised to incidents
 - Assets – the provision, age and condition of the building and appliances.
32. While the board has supported the principle of the new fire cover model, members have not approved specific proposals from the CFO for closing a small number of fire stations and changing the role of others. Where sufficient numbers of firefighters can be recruited, the board has clearly stated an unwillingness to close stations, even where there are very low levels of community risk. For example, information gathered to support the service's fire cover model shows some stations having extremely low numbers of call outs (Exhibit 3). Resources have continued to be spent in areas with very low levels of community risk. In one case, for example, using the Fire Service emergency cover (FSEC) software, the service's risk modelling indicates that the provision of a

particular station could only be expected to save a life once in many thousands of years. There is no evidence to show that this represents the best use of resources. In addition, with such low levels of activity, this makes it extremely difficult to maintain skills and raises major concerns about the health and safety of part-time retained firefighters.

Exhibit 3: Number of call outs and standbys, April 2006 to September 2008



Source: Highlands and Islands Fire and Rescue IRMP Risk Review, 2010

33. This model has been developed by the service to specifically reflect the context and challenges of the Highlands and Islands and elements are not based on the model used across the rest of Scotland as this is viewed by the CFO as difficult to achieve in the context of the area. However, the head of the Scottish Government's SFRAU has recently expressed concerns about the safety and efficacy of the model, particularly with regard to low activity stations. It is also not clear how the model proposed by the service can effectively be integrated into the national service, anticipated to begin in 2013/14.
34. Over a number of years, there has been poor leadership and governance of the service by both the joint board and the senior management team. The Highland and Islands joint board has provided insufficient challenge and leadership to the service. The service currently faces substantial difficulties and needs to improve many of its arrangements resulting from a lack of effective

management over a number of years. The joint board did not respond adequately to these failings and is, therefore, ultimately accountable for issues such as inadequate training arrangements to ensure firefighter safety and competence.

35. However, member awareness of some of the key issues for the service has been limited by the variability of the quality and range of reporting to the board. Over the past two years, there has been an investment in providing members with improved information, including presentations to improve awareness of strategic issues, and better performance reporting. The strategic issues presented to members during 2010/11 included, financial resources, service delivery, workforce, asset management, planning and performance. This has led to more informed and challenging discussion and scrutiny. The joint board still needs further support and effective engagement in strategic planning to provide a good level of leadership to the service as it deals with significant challenges it faces in sustaining and improving its arrangements.
36. Over the last two years, there has been a significant improvement in the management culture at H&IFR, with a greater degree of openness within the organisation about improvements that need to be made. However, the service recognises that considerable legacy issues remain, including gaps in management arrangements, a significant capital backlog and inconsistency in operational level arrangements across the service.
37. H&IFR is benefiting from the strong skills and commitment of a number of managers and staff, keen to progress change and improvement. However, the scope of work to be undertaken is significant and it is unlikely that the service will be able to address the range of improvements needed at an adequate pace.
38. Discussions with the Head of the Scottish Government's SFRAU about his concerns on progress with the service's improvement plans and fire cover model took place over the summer of 2011. In November 2011 the board and service, recognising the extent of the challenges faced, agreed to some support from a peer group of senior managers from other Scottish fire and rescue services. The objective of this group is to build management capacity, assisting the service in prioritising key corporate risks, revising the SIP and producing an action plan. The focus of this work is firefighter and community safety. The intent is that where further support is required beyond this initial phase, such as capacity to implement improvements, support will be sought from across the other services. Given the urgency for improvement in the service's arrangement, the need to ensure an appropriate and sustainable delivery model and pressure on management capacity, it is important that both the service management and the joint board engage fully and constructively with the peer group.

Partnership working

H&IFR has good working relations with partners at a strategic and operational level and actively engages in civil contingency and Community Planning Partnerships. Community safety activity across the partnerships is, however, variable and on the whole not strong. The service takes part in a range of community safety initiatives including educational programmes, however there is little evidence of the evaluation of the impact and value of these initiatives or challenge and scrutiny by the board. There is limited joint working with other emergency services and other fire and rescue services.

39. Fire and rescue services work through a range of partnership arrangements. They plan for civil contingencies with public and private sector partners through Strategic Coordinating Groups (SCGs). Prevention activity is typically delivered through community safety partnerships, working with local authorities, police, health, social landlords and the voluntary sector and sharing information on individuals at risk is key to ensuring prevention activity is most appropriately targeted. Fire and rescue services also deliver their response services in conjunction with other emergency services such as police, ambulance service, coast guard and mountain rescue. Individual fire and rescue services also work with other fire and rescue services, typically to provide cross-border response services or contributing to national resilience for major incidents.
40. H&IFR has good working relations with partners at a strategic level. A senior manager of the service is assigned to represent the service at each of the constituent Community Planning Partnerships at a strategic level. Particular progress has been made with improving contact and relations with the constituent councils. The assigned managers meet regularly with the chief executives of the councils and present performance reports to the councils on a quarterly basis. At a local level, district managers represent the service in relation to local partnership activity.
41. H&IFR is a key partner in civil contingency work across its area, working closely with partners in local emergency coordinating groups and at the Highlands and Islands SCG. The SCG carries out high level risk planning for major incidents which could disrupt the area. Significant risks to the community across the area are identified in a community risk register. Although the risks within this have been considered as part of development of the service's new Fire Cover Model, there is little evidence that community risks have informed current resource planning across the area to station level. However, dedicated Community Safety Advocates are deployed in the most populated centres to help focus preventative work on the areas of greatest risk.
42. The community safety partnerships across the area vary in the level of activity and evidence suggests that progress with these is slow. There is a lack of clarity in relation to the objectives and targets of the CSPs. Of the four community safety partnerships across the area, the largest, Highlands is the most active. Through the Highland's CSP H&IFR is involved in the delivery of fire and road safety educational programmes such as the 'Driving Ambition' road safety course aimed at young drivers and passengers. This programme has been delivered in the Highlands area and is now being rolled out to the Islands. These initiatives have the potential to contribute to saving lives and reducing future demands on the fire and rescue service. However, there is no evidence that these initiatives are being evaluated to determine whether partnership initiatives deliver the desired outcomes and make best use of available resources.
43. The service also engages well with partners in relation to supporting its preventative work. Council housing and social services, for example, can identify vulnerable individuals and provide referrals for home fire safety visits. However, this is not strategically coordinated and therefore is not consistent or well deployed across the whole area. This is partly due to the requirements of the Data Protection Act being seen as a barrier by some partner organisations.
44. There are a number of examples of partnership working by the service aimed at efficient sharing of resources:
 - a joint approach with Highland Council was taken in the building of a school and fire station in Lochaber

- shared facilities with airport fire services in the islands
 - management training arrangements with the police, local colleges, the Highlands and Islands University and other partners.
45. The service has a shared arrangement with the Scottish Ambulance Service for a common 'first responder' approach and has discussed a 'co-responder' approach for remote rural communities. Discussions on where a co-responder approach would be required and how this would be resourced are currently taking place.
46. There are no significant shared services with other fire and rescue services although H&IFR does have a memorandum of understanding with Strathclyde Fire and Rescue for support in relation to workforce and HR management.

Scrutiny, performance management and improvement

Performance information systems have improved significantly in the last two years and this has contributed to an improvement in the performance reporting to elected members. The service does not have a formalised approach to support continuous improvement. However, the service has identified a number of areas for improvement and a good deal of work has begun but it is unlikely that the service has the capacity to address the scope of work with sufficient pace. Although scrutiny has improved over the last two years members have not provided sufficient scrutiny and challenge to the service.

47. H&IFR has no formalised system in place to support strategic improvement work. There is a commitment in the SIP to implement the Public Sector Improvement Framework (PSIF) but this has not yet been progressed.
48. The service management recognise the key issues that need to be improved, they are keen to make progress and are making efforts to take these forward. However, the focus of work over the past year has been the progression of an appropriate fire cover model and this has impacted on the management capacity to address other important areas for improvement.
49. A short life service improvement team was established in June 2010 by the previous CFO for approximately a year. This team's remit was to make progress in a number of key areas for improvement (Exhibit 4). This team provided some support but also identified where further work was required. It has now been disbanded, but the service has not established arrangements to supersede this approach and there is no evidence of a structured approach to coordinate and progress the range of improvement activities identified.

Exhibit 4: H&IFR Improvement Team remit

Primary roles

- To support the implementation of the service's Incident Command system into all operational stations.
- To enhance the competency of operational decision-making.
- Support advertising for, and the recruitment and selection of staff.
- To enhance capacity to deliver core skills training.
- To support operational assessment and Quality Assurance programmes.
- To ensure key station management and development arrangements are in place and are fit for purpose.
- To ensure all communities can receive fire safety and community fire safety services.

Source: H&I Fire and Rescue

50. Improvement activity is not systematically managed across the service at an operational level. There is a good deal of variation across the districts and stations in how they operate. Operational assurance systems within the service are limited and do not provide a robust improvement mechanism and method to improve consistency.
51. Systems to support performance information management have improved significantly over the past two years. The service has designed a performance system that extracts information from various other systems on a daily basis. The system developed also supports programme management of the service's strategic plans with actions within these mapped within the system for monitoring.
52. The focus of this work has been to improve the performance reporting to members for scrutiny. There is a clear improvement in the quality of performance reporting to members. Since September 2010, the board have received quarterly performance reports for the Highlands and Islands area and similar quarterly reports are also produced for the constituent council areas. The reports are well presented and illustrate progress against the service's strategic objectives using a traffic light system, charts showing trends and analyses by the constituent council areas. The reports provide a good range of information although there is scope to enhance these further with, for example, cost information and workforce related indicators.
53. Improvements in performance reporting over the past two years have helped to develop the quality of scrutiny by members. This has also been supported by a series of presentations to members on service delivery, finances, asset management, workforce development and planning and performance. However, the current service management team's candour with board members regarding the significant challenges currently facing the service (including service sustainability and firefighter competence and safety), and the lack of awareness by members in relation to these issues suggests that reporting to members for effective challenge and scrutiny has been inadequate prior to this. Board members have also failed to pursue and demand sufficient information from managers to assure themselves that the service for which they are accountable is being managed effectively and efficiently.

Part 3. Use of resources

Resources have not been managed effectively in H&IFR for some time and this legacy is compounded by the current economic climate. There have been recent improvements to asset management arrangements but, if the current number of stations is to be maintained, the service faces a major capital backlog of £17 million. There is also a need to now prioritise capital spending, with investment focused on stations which are sustainable.

Poor ICT infrastructure is impacting on the service's ability to effectively progress areas for improvement such as communications and training.

Significant weaknesses in training arrangements are recognised but progress to improve this has been slow. New investment has been agreed but the service lacks the capacity to make progress with sufficient pace.

Members have provided insufficient challenge and scrutiny to ensure resources are managed efficiently and effectively with the safety of firefighters paramount.

Financial management

H&IFR faces significant challenges with major demands on both its capital and revenue budgets.

54. H&IFR is in a financially challenging position. It has managed to make efficiency savings over the past three years and has underspent its 2010/11 budget but it faces significant pressures on both its revenue and in particular its capital plans.
55. H&IFR's operating expenditure in 2010/11 was £21.64 million, underspending its budget by £0.726 million. From this underspend, the board carried forward £0.375 million, taking its general fund reserve balance to £1.3 million. This is the maximum level allowed under the Fire and Fire Services (Finance) (Scotland) Act 2001, which allows the board to carry forward up to three per cent of the contributions from the constituent authorities in the year. However, the board had already used some of its general fund and therefore exceeded a year-on-year rolling maximum and required approval from Scottish ministers (received in February 2011) to carry forward the £1.3 million from 2010-11 into 2011-12. These reserves are important given significant current demands for capital and revenue funds.
56. H&IFR has made over £2 million of efficiencies in the last three years 2008/09 to 2010/11. This has exceeded the board's targets and included £470,906 delivered in 2010/11.
57. Revenue expenditure is, however, under pressure:
 - In line with the expectation from local authorities, the budget for 2011/12 has reduced by 2.6 per cent from 2010/11, requiring a budget reduction of £0.796 million.
 - Increasing costs of fuel, energy and other services are more significant in the context of the highlands and islands.
 - There are additional factors that are having an impact on revenue expenditure:

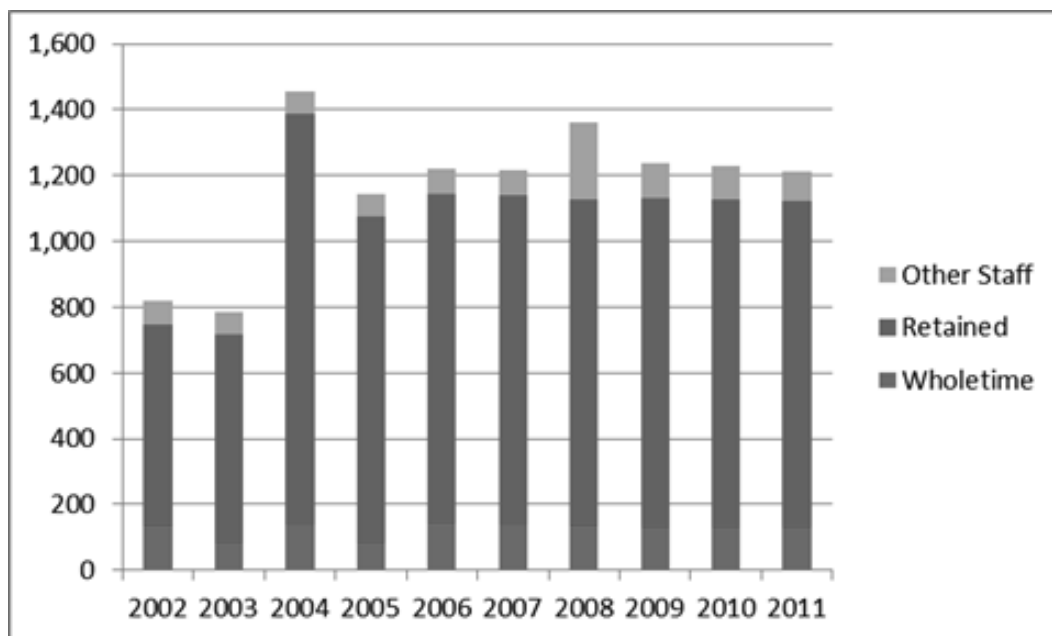
- £0.258 million to meet required health & safety (H&S) standards following an Internal Audit review
 - a further £0.8 million announced in December 2011 to address improvements required in training
 - additional funding of £0.090 million in respect of the impact of 'Prevention of Less Favourable Treatment for Part Time Workers'
 - £0.05 million implementation costs in respect of single status.
58. The board has a three-year capital plan for 2011/12 to 2013/14. Capital expenditure in 2010/11 was £2.652 million. The capital budget for 2011/12 was £2.165 million but in May 2011 the board agreed that any unspent contributions in 2010/11 (after deducting the amount needed to take the general fund balances to the limit allowed). This amounted to a further £0.351 million to be used as a contribution to capital. Outline capital plans for 2012/13 and 2013/14 are in the region of £1.9 million per year.
59. However, the level of capital investment required to make H&IFR's asset base fit for purpose is substantial:
- Thirty-five stations require considerable investment to bring them up to an acceptable standard.
 - The fleet of vehicles and operational equipment require investment of around £2.5 million to bring them up to standard and to maintain them in good working order means an annual spend of £1.9 million.
 - The service's IT and communications infrastructure also requires significant investment to be effective.
60. Much of the current financial challenges facing the service, particularly the capital backlog, have developed over time. Members of the board approve and monitor the revenue budget and capital programme. However the board has not provided sufficient oversight of resources. It needs to take a stronger role in the scrutiny and challenge of how effectively the service is managing and monitoring the use of resources. During the transition to the creation of a national fire and rescue service in 2013, it is important that there is a clear approach to managing resources and that the joint board maintain appropriate financial oversight of H&IFR.
61. The service's internal financial management arrangements have improved over the past year but further work is required. A range of standard procedures have been developed and rolled out to support managers with devolved budgets. However, planning arrangements need to be better integrated. The annual budgeting cycle progresses ahead of the development of annual division and functional planning, therefore, costing of initiatives and work within these plans is not contributing to the budgeting process. This undermines the effectiveness of the financial planning.

Workforce management

H&IFR has not adequately addressed workforce management issues, in particular its training arrangements. Efforts over the past two years to make improvements are evident but progress is slow and the service lacks the capacity to make progress at sufficient pace.

62. The service lacks a formalised workforce plan or strategy but has a framework of policies and plans. Many of its policies are out of date and require review and updating. Progress has been slow with developing workforce management but over the past two years there has been more focus from senior management on addressing the gaps in this critical area for the service. The primary issues in relation to workforce management are outlined below but there is a range of issues that need to be addressed and consistently deployed across the service.
63. H&IFR has experienced significant shifts in its workforce profile over the past decade (Exhibit 5). In particular, since 2003/04 the number of retained firefighter in the service doubled. This occurred as a result of previously volunteer stations being re-designated as retained stations. This re-designation had a significant impact on the workforce management requirements of the service, in particular meeting training requirements. The increased needs were not adequately defined and addressed.

Exhibit 5: Highlands and Islands – Total staffing (FTE)

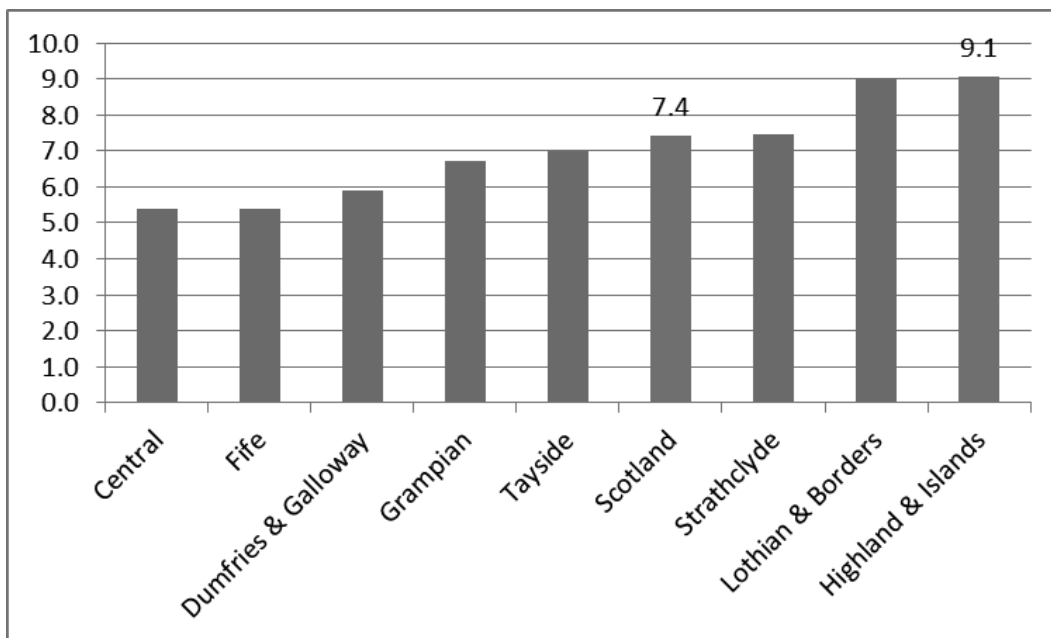


Source: CIPFA

64. Following the publication of the UK Fire Service health and safety audit 2010 by the Health and Safety Executive, the service undertook a review of health & safety to assess the development and maintenance of firefighter and command competence. The review identified significant gaps in the services training and development arrangements that have a bearing on the health and safety and skills competence. Since this review there has been work undertaken to improve risk critical skill development of uniformed staff. In particular, there is a focus on catching up on breathing apparatus training. This has impacted on the capacity of the service to deliver other training including other risk critical skills from the corporate centre. In August 2011, the board approved additional expenditure of £258,000 to support command competence training and in November 2011 the CFO presented budget assumptions for 2012/13 that include additional expenditure of £749,000 to support the identified training gap for retained firefighters.

- 65. Given the limited trainer capacity and the logistics and costs of providing training across the area, there is a significant reliance on ICT as a tool in the delivery of training and assessment of competences. The ICT infrastructure and systems are currently poor and limit its effectiveness in supporting training and development and the consistency of recording, validation and reporting of this.
- 66. The reliance on IT-based assessment of competences needs to be balanced with an equally stringent approach to assessment of the core practical skills. District staff and station-based managers are responsible for ensuring that all competencies relevant to staff based on stations are met. However, the weaknesses in training and recording mean that it is not clear if those providing training at this level are adequately trained to do so. This is compounded by the limited operation assurance arrangements which do not provide a consistent and robust assurance that training and development is effective and of a consistent standard across crews.
- 67. The service recognises that historically there has been a disconnect between the corporate centre and the management and functions at a local district level. A range of measures is now being implemented to improve communication and the establishment of consistent management and training standards. A framework of regular meetings across the districts and at all levels has been established and secondary responsibilities have been identified for managers, that link into corporate centre functions.
- 68. The days lost due to sickness absence have increased in recent years in H&IFR. Days lost through sickness absence and light duties are the highest of all the Scottish fire and rescue services (Exhibit 6).

Exhibit 6: Days lost per fire officer and all other staff – 2010/11



Source: Audit Scotland Statutory Performance Indicators

Asset management

There have been recent improvements to H&IFR's asset management arrangements but the service faces a major capital backlog of £17 million. In addition, investment in new stations is continuing, despite evidence on the difficulties in sustaining a service in some areas. Poor ICT infrastructure is impacting on the service's ability to effectively progress areas for improvement such as communications and training.

69. Major challenges with H&IFR asset management have not been effectively addressed over recent years. The service has accumulated a backlog of around £17 million of capital work to make its asset base fit for purpose. Many of the issues relate back to the re-designation of many volunteer stations to retained duty service stations in 2003/04. Around 35 stations currently require significant investment to be brought up to an acceptable standard as well as the need for investment in the vehicle fleet. The service estimates it would take ten years to address the backlog with the current profile of stations and at the current rate of investment.
70. Over the last two years, significant efforts have been made to make progress with improving asset management. The service has employed a property manager and manages the building projects internally rather than through council-led arrangements previously in place. New approaches to the development of properties have been taken with changes to previously used standard specifications, reducing the costs and time to build stations.
71. A new asset management plan was agreed in March 2011. The plan illustrates the building replacement programme and the timescale set for the build schedule. Although this is positive progress it is important that this plan is reviewed in light of the governments plans to move to a national fire service and in relation to potential decisions on the service's fire cover model. It is not evident that the board has considered whether it is appropriate to proceed with the significant investment in new builds planned in the current context. In October 2011, for example, the board approved the award of a contract for the construction of a new retained station, despite strong evidence on the station's very low levels of incidents and the difficulties in sustaining a trained workforce.
72. The service's ICT infrastructure is inadequate. The scale and geography of the area means it is particularly important for the service to have robust systems in place for efficient and effective management of the service. The ICT systems are relied on as a significant tool in the delivery of firefighter training, recording and reporting of a range of information, and communications from the corporate centre. The limitations of the current infrastructure, therefore, have a detrimental impact on the quality, consistency and reliability of these aspects of the services arrangements.
73. The service has recognised this as an area for improvement and has made efforts to begin to address this significant problem but progress has been slow. The service has undertaken a review of its ICT arrangements and is starting to roll out a programme of investment in new equipment and wider improvements but the complex difficulties and scale of the problems with the ICT infrastructure remain a significant ongoing challenge for the service.

Part 4. Service performance

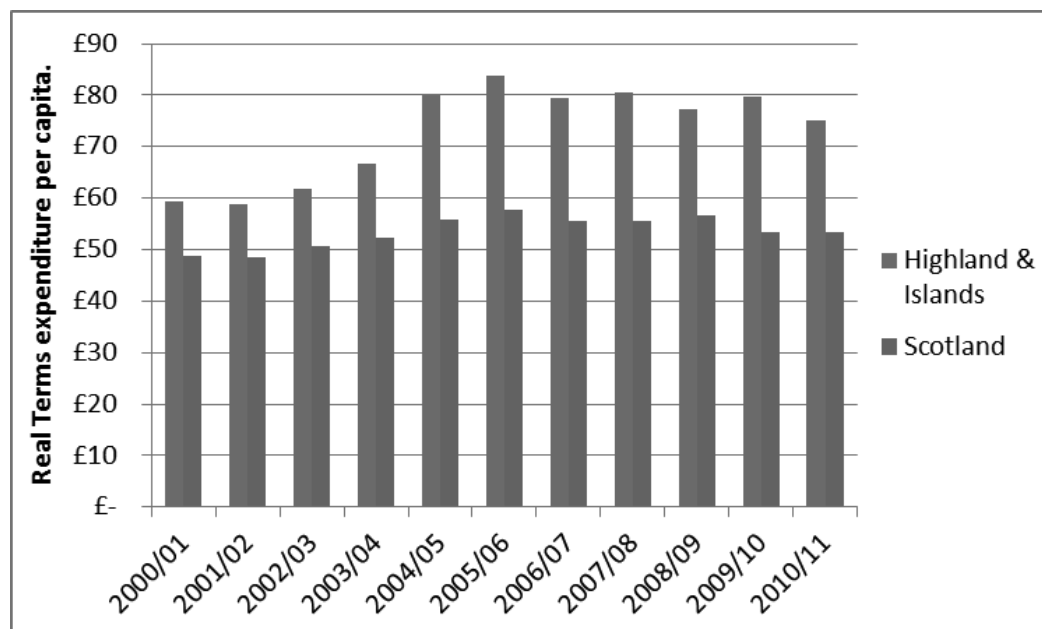
H&IFR provide emergency response services in a very challenging geographical area, contributing to longer response times and higher costs. However, risks to the community from fire incidents are low with few fires and casualties. The service provides high numbers of home fire safety visits to its communities and has increased its commitment to other preventative work but needs to make more progress with developing and implementing consistent approaches.

Service costs

The cost of providing the fire and rescue service in Highland and Islands is relatively expensive per head of population. However, costs have reduced in real terms by 4.2 per cent over the past four years.

74. H&IFR's operating costs per head of population are well above the Scottish average. In 2010/11, excluding pension costs, it spent £75 per capita, significantly above the Scottish average of £53 (Exhibit 7). It is relatively expensive to provide the current service coverage to a low density population, across such a large area and, on many islands. The cost of running a RDS fire station in a location with very low numbers of incidents is not significantly different from the cost of running a RDS station with frequent incidents. However, the remoteness of most of the stations means that there are many additional costs, for example the cost of providing some training is high because of the significant travel costs, which may include flights from islands, subsistence costs and additional time payments.

Exhibit 7: Real terms costs per capita, 2000/01 to 2010/11



Source: CIPFA data adjusted by HM Treasury GDP deflator

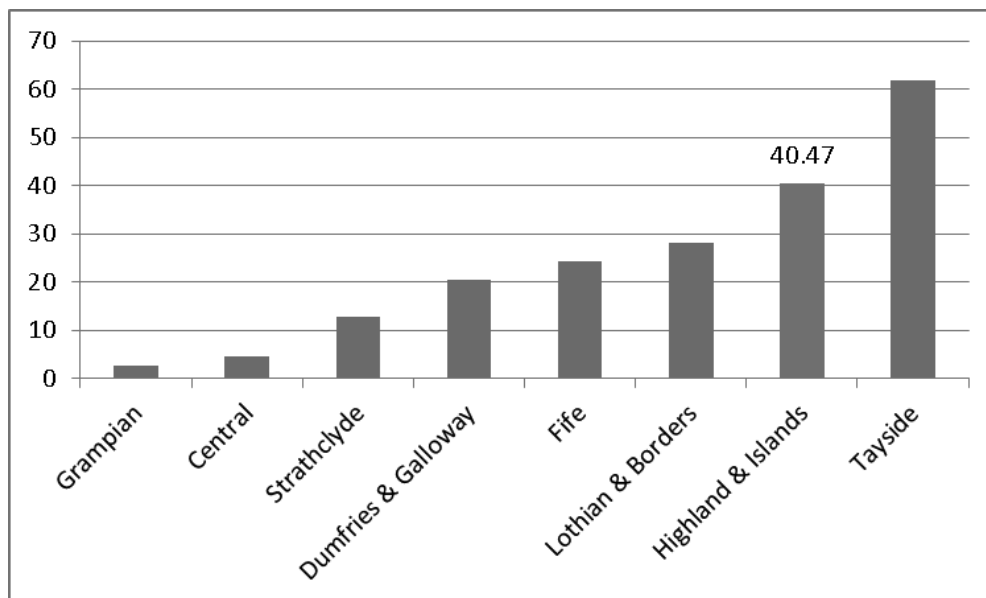
75. Over the past decade there has been a notable increase in expenditure (Exhibit 7). This predominantly relates to the upgrade of stations' status from volunteer auxiliary to retained stations from 2004/05 and resulting increase in staff costs. However, there has been a decrease in real terms cost of 4.2 per cent since 2007/08, a little more than the trend nationally with a fall of 3.7 per cent.

Prevention

H&IFR shows a commitment to the provision of high levels of home fire safety visits in its communities. Other prevention work is less consistently developed across the service.

76. A key feature of the introduction of IRMP and the Fire (Scotland) Act 2005 was an increased emphasis on preventative work. H&IFR's main approach to meeting this responsibility is through the delivery of home fire safety visits (HFSV), giving advice and installing smoke detectors.
77. H&IFR carried out 5,782 HFSVs in 2009/10, equivalent to just over 40 per 1,000 dwellings (Exhibit 8). This is in line with earlier targets and is significantly higher than the national average of 20.4 visits per 1,000 dwellings in that year. The service aims to move to a more risk based approach to targeting HFSVs but this is not yet evident at an operational level in a systematic and consistent way. However, this work is undertaken by district Community Safety Advocates and by the local retained firefighters who, as members of their predominantly small communities, use local knowledge and relationships to identify and target HFSVs.
78. The limited development of operational assurance arrangements and training arrangements impact on this area of work. It is difficult for the service to assess the quality and consistency of the HFSV work being undertaken across the districts.

Exhibit 8: Home fire safety visits per 1,000 dwellings, 2009/10



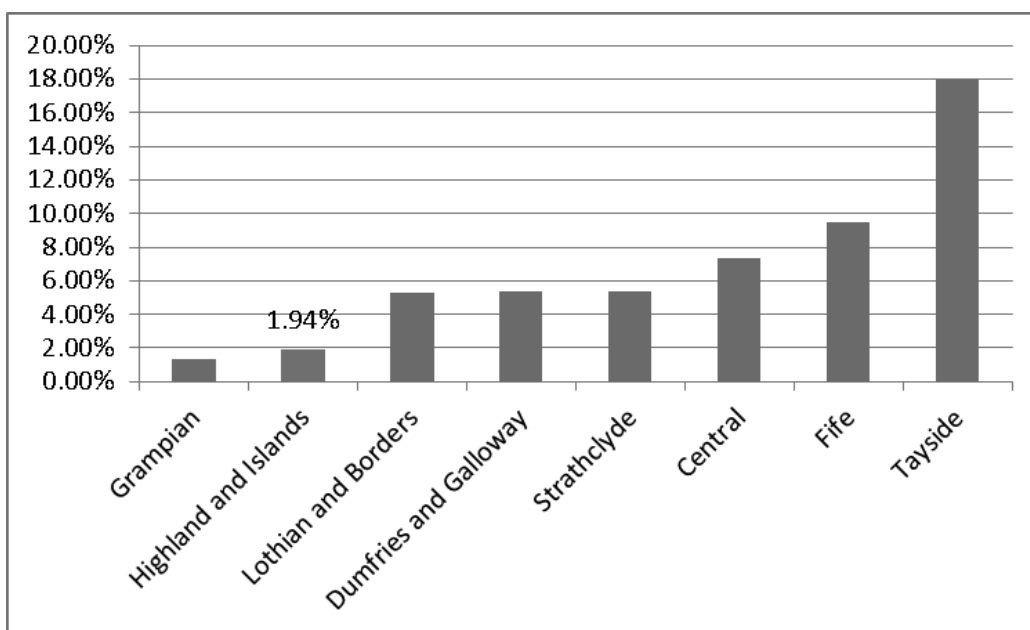
Source: CFOAS Performance Indicators 2009/10

79. Statutory fire safety audits of non-domestic premises are another important approach to minimising fire risks in the community. In Highlands and Islands the level of fire safety inspections is low. In

2010/11, 182 statutory fire audits were carried out, representing 1.9 per cent of the 9,397 recorded non-domestic properties in the area. This is well below the national average (Exhibit 9). However, this work has focused on high risk properties, such as care homes, hostels and hotels.

80. H&IFR have not maintained a robust and consistent approach to undertaking this work for some time. The service is currently developing its arrangements. It has undertaken a review of its register of premises during 2010/11 and its community safety team in the corporate centre has set a risk-based programme of inspections and developed a quality assurance system. There is, however, no dedicated resource within the service for undertaking this work. The work is devolved to the district teams, but there is a lack of appropriately trained and experienced staff or a consistent framework across the districts for planning, managing and undertaking this work.

Exhibit 9: Percentage of non-domestic properties subject to fire safety audits, 2010/11



Source: Scottish Government Statistical Bulletin

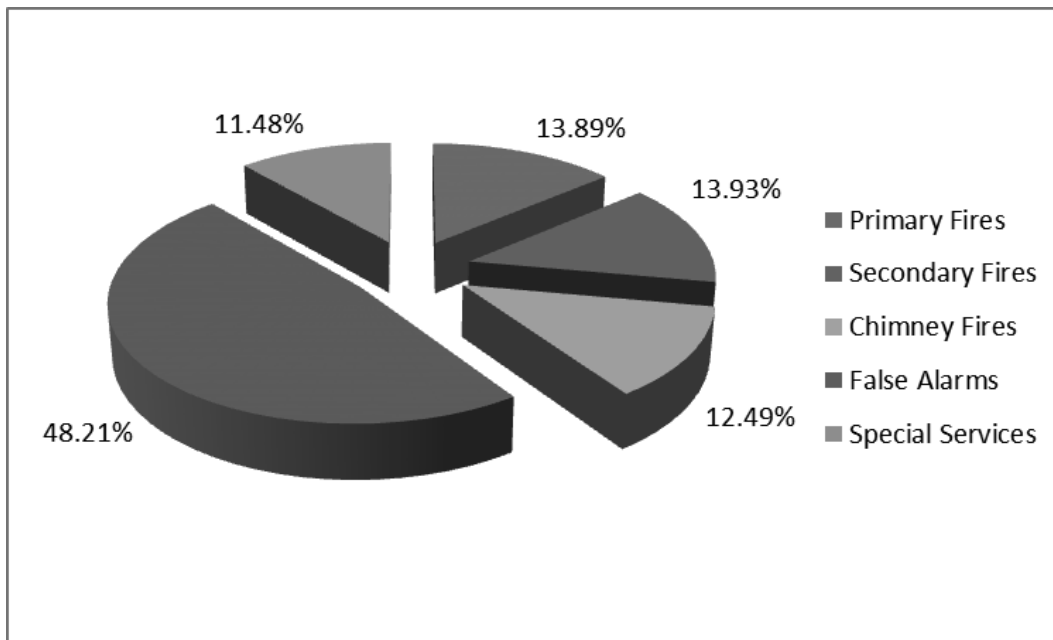
81. As part of its preventative work, H&IFR also works with key partners to support community safety. This includes, for example, advising partners about fire risk issues in areas with high alcohol and substance misuse issues, working with partners on road safety initiatives, and providing community safety advice through educational visits to schools. Initiatives, such as 'Driving Ambition', are targeted at young drivers. Other programmes such as 'HI-FiReS' courses for young people, fire safety DVDs and 'Don't give fire a home' roadshows, aim to improve awareness of fire safety issues in the community. Initiatives are well regarded by participants and partner organisations. H&IFR also provides training for those working with vulnerable members of the community, including organisations such as Deaf Services, Sight Action, WRVS and local authority housing staff. In addition, partnership agreements have been established to share knowledge, expertise and two-way referrals for service users who are most at risk in the community. Although these activities appear to contribute to community safety, the service lacks clear evidence to demonstrate which initiatives are most successful and provide best value in helping to reduce fires and other accidents.

Emergency response

The risk to the communities in Highlands and Islands is low, with low incidence of fires and casualty levels. A significant proportion of calls are false alarms but these have shown a notable reduction in the last year. Average response times across the area are significantly higher than other Scottish fire services, reflecting the extreme geography of much of the Highlands and Islands.

82. In 2010/11, H&IFR responded to 4,435 incidents. In line with the national pattern, about 14 per cent of these related to primary fires (those in buildings, vehicles or involving casualties), about 14 per cent to secondary fires (typically outdoor fires in heathland, rubbish bins or derelict buildings), and almost half to false alarms (Exhibit 10). The remainder related to chimney fires and a range of 'special services', primarily road traffic collisions and, to a lesser extent, flooding.

Exhibit 10: Analysis of emergency incidents in Highland and Islands, 2010/11

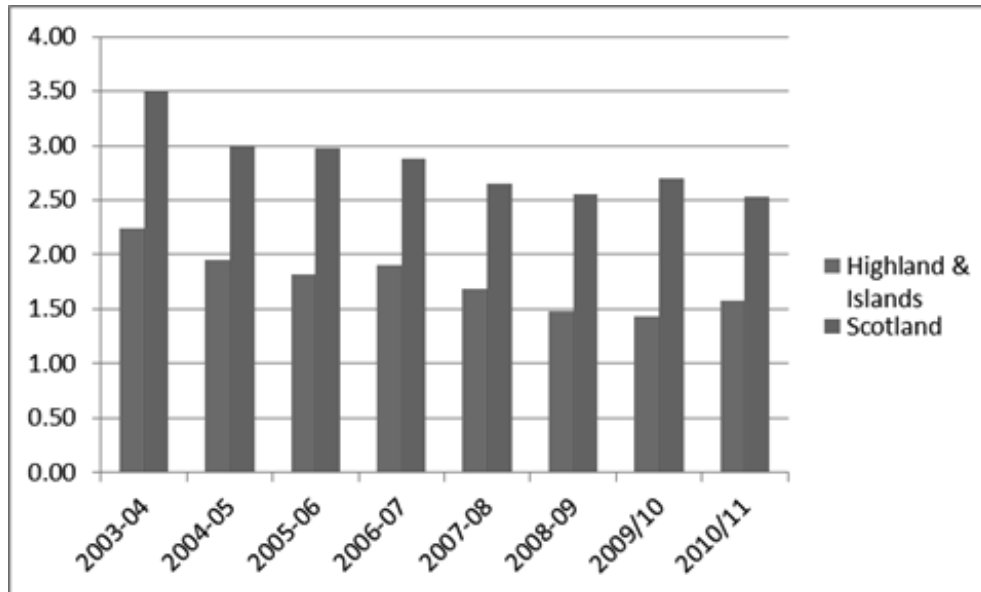


Source: Scottish Government Statistical Bulletin

Number of fires and casualties

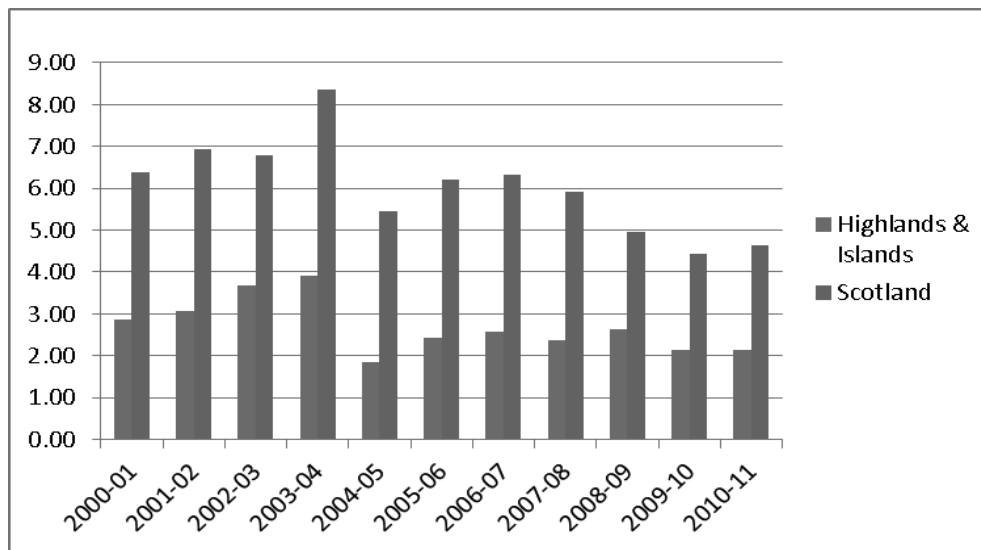
83. Historically, the level of fires and casualties within Highlands and Islands has been well below the Scottish average. In addition, over the past decade, the number of primary and secondary fires has fallen significantly (Exhibits 11 and 12). This can only act as an indirect indicator of H&IFR's performance as these trends are likely to be influenced by wider social issues, such as improvements in the housing stock or a decline in the number of people smoking, but it does suggest that its preventative work has had some impact.

Exhibit 11: Number of primary fires per 1,000 population



Source: Audit Scotland (Scottish Government Statistical Bulletin)

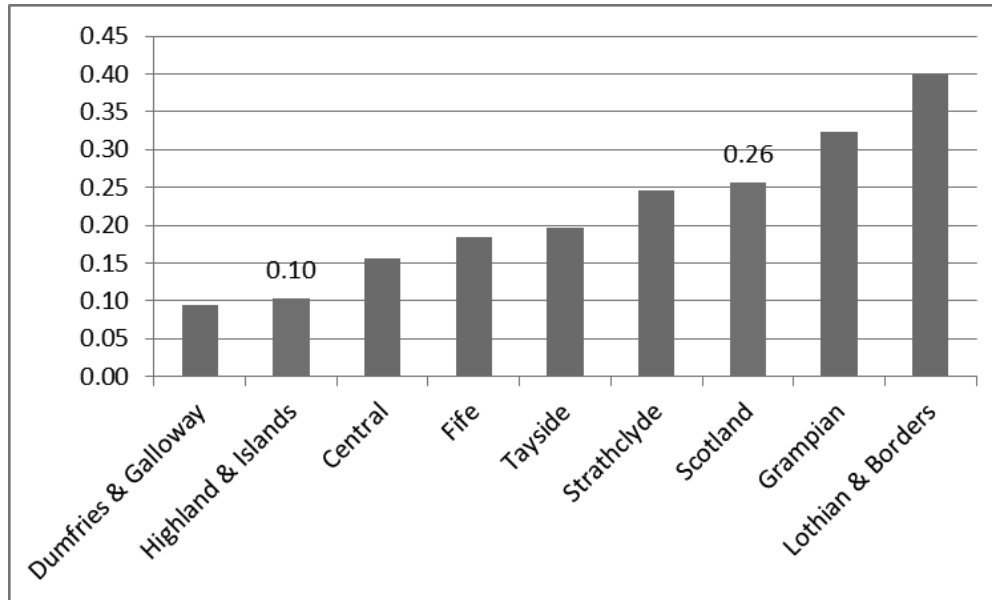
Exhibit 12: Number of secondary fires per 1,000 population



Source: Audit Scotland (Scottish Government Statistical Bulletin)

84. Over the last decade, casualty rates in Highlands and Islands have been consistently below the national average. Since 2009/10, the Scottish Government changed the definitions used to compile casualty statistics. It is, therefore, difficult to compare current trends with figures from earlier years. However, Highlands and Islands has the second lowest casualty rate in Scotland (Exhibit 13).

Exhibit 13: Total casualties per 1,000 population – 2010/11



Source: Scottish Government Statistical Bulletin

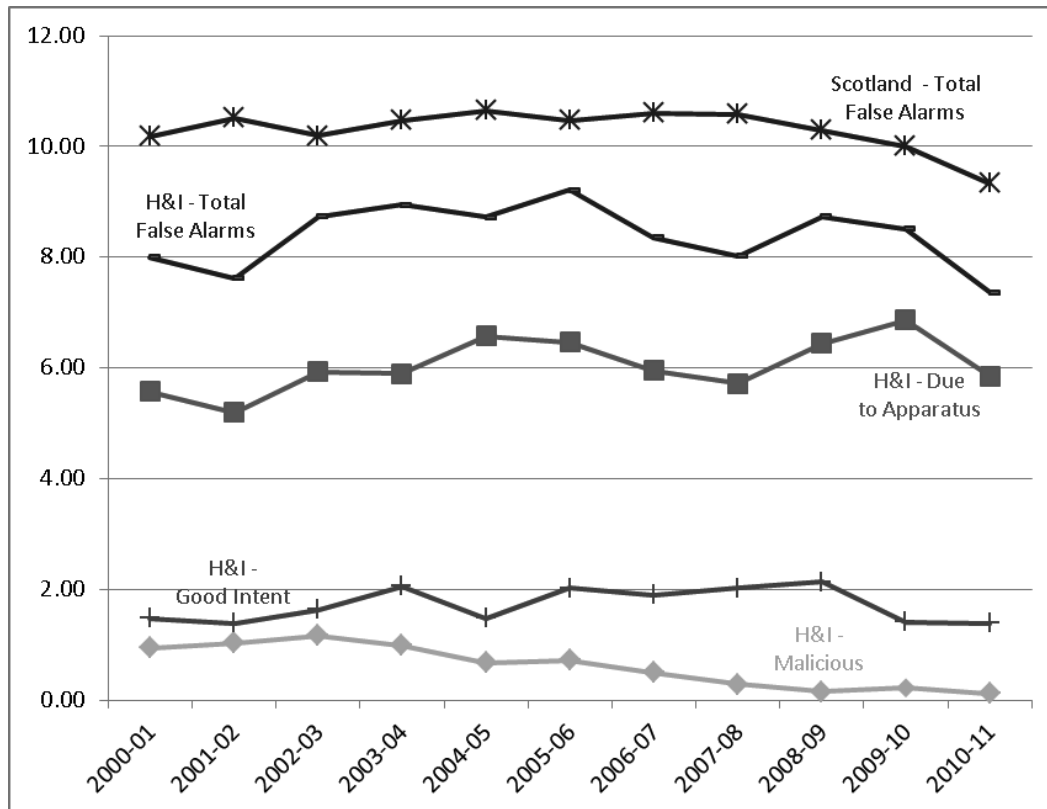
Special services

85. H&IFR deals with an increasing number of 'special service incidents', such as road traffic collisions and flooding. These now represent around 11.5 per cent of its emergency responses. However, there are no performance measures available locally or nationally to assess the standard of this work.

False alarms

86. False alarms can be caused by a range of factors, such as malicious hoax calls or faulty automatic alarms. They account for just under half of H&IFR's emergency calls. This is lower than the national average (Exhibit 14) but represents a significant use of resources on non-productive work. More importantly this means that there may be delays in responding to genuine emergencies particularly given the remote rural context of much of the area.

Exhibit 14 False alarms per 1,000 population



Source: Scottish Government Statistical Bulletin

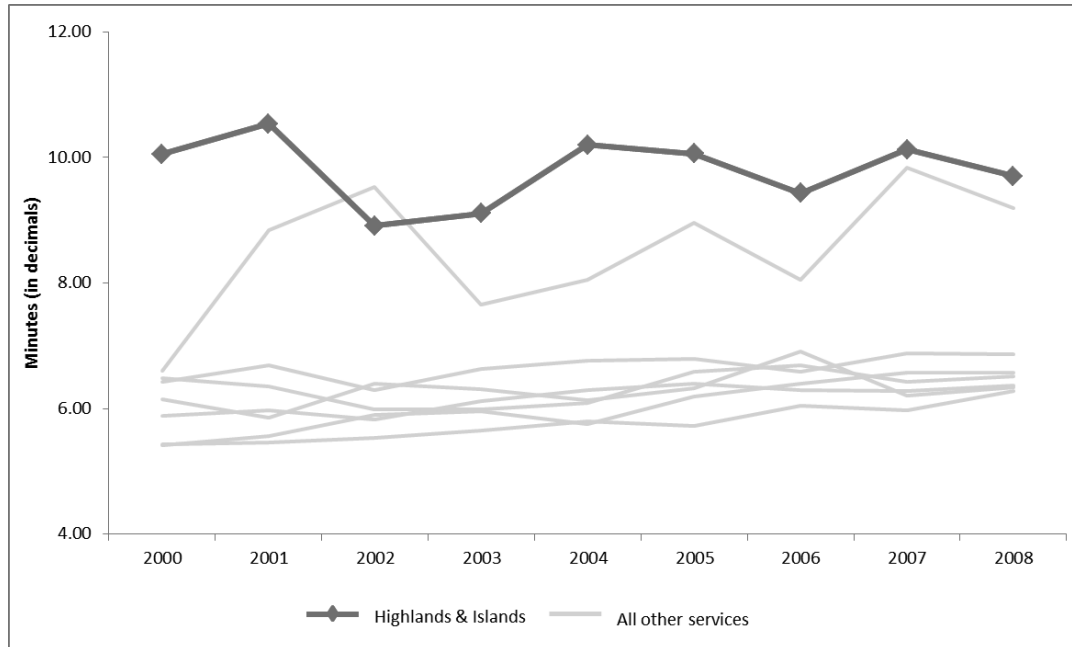
87. H&IFR have had some success over the past year in reducing the level of automatic false alarms (AFAs). Over the year, the number of AFAs reduced by 14 per cent from 1,984 to 1,700.

Emergency response standards

88. The speed of emergency response and number of vehicles and firefighters mobilised can be important factors in securing positive fire and rescue outcomes. Prior to 2005, standards of emergency response were set out in the National Standards of Fire Cover, with standards varying according to risk factors associated with different types of buildings. With the introduction of IRMP, these national standards were withdrawn. This allows individual fire and rescue authorities to determine their own speed and level of response to meet the specific level of risks identified in their IRMP.
89. The SFRAU, as part of its 2011 report, *Review of the Implementation and Impact of Integrated Risk Management Planning in Scottish Fire and Rescue Services*, showed that H&IFR's average

response times for primary dwelling fires are significantly longer than other fire and rescue services (Exhibit 15). Although a significant proportion of these call-outs are in the more urban areas of the Highlands and Islands these average times reflect the significantly longer response times for call-outs to dwellings in remote rural parts of the Highlands and Islands area.

Exhibit 15: Average response times for primary dwelling fires



Source: *Review of the Implementation and Impact of Integrated Risk Management Planning in Scottish Fire and Rescue Services (SFRAU 2009)*

Part 5. Improvement agenda

Leadership and strategic direction

- Members need to take a much stronger leadership role in setting the strategic priorities, driving best value and providing robust challenge to the service.
- Both the service and board should engage with the peer support and utilise this external capacity to assist in focusing and progressing the improvement agenda.
- Review with the peer support team and national stakeholders the proposed fire cover model and how best this can be taken forward in the context of a national service commencing in 2013.
- Review the appropriateness of new capital projects in the context of decisions in relation to the fire cover model and the national service commencing in 2013.

Workforce management

- Seek assistance in ensuring command competence and firefighter skills competence and other required training is brought up to the required coverage at an urgent pace.

Service delivery

- Progress work to ensure there are consistent and robust standard policies and procedures deployed across all of the area. Ensure consistent and coordinated risk-based approaches are progressed in relation to operational assurance, tactical information property inspections, fire safety legislative inspection work, and community safety work.

Performance management

- Progress work with performance information systems to better support management.

Highlands and Islands Fire and Rescue

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