

# Central Scotland Joint Fire & Rescue Board

## Annual report on the 2011/12 audit



Prepared for the Members of Central Scotland Joint Fire & Rescue Board and the Controller of Audit  
October 2012

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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# Key messages

## 2011/12 audit findings

We have given an unqualified opinion on the financial statements of Central Scotland Fire & Rescue Joint Board for 2011/12.

The general fund recorded a net surplus for 2011/12 of £0.392 million; increasing the balance to £1.742 million as at March 2012. The carry forward is outwith the range provided in the board's reserves strategy and is also above the cumulative carry forward limit set by Scottish Ministers. Retrospective approval has been received from Scottish Ministers to carry this balance forward to support delivery of the board's 2012/13 budget.

Capital expenditure for 2011/12 was £1.208 million which represents an overspend of £0.143 million.

The 2011/12 financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) and in accordance with the Code of Practice on Local Authority Accounting in the UK 2011/12.

Overall the board's governance arrangements in 2011/12 were soundly based and operated effectively. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

The board has continued to make progress in developing its arrangements in a number of areas:

- Performance Management: the performance management framework continues to evolve and a suite of performance indicators is reported to the Senior Management Team and the Best Value & Scrutiny Committee on a quarterly basis
- Decision Making and Scrutiny: the board has noted our previous reports with regard to its scrutiny role and the new board have attended an induction training and information session with more planned in 2012/13. This covers all aspects the board's role, including scrutiny.
- Strategic Management: a Risk Reduction Plan is being developed and approved for 2012/13. This will link work plans for the year directly to the appropriate risk areas.

The board has opted not to purchase a new asset management system as this would not represent best value given the merging of the eight Scottish fire and rescue services as of 1 April 2013.

## Outlook

The confirmed merger under the Police and Fire Reform (Scotland) Act 2012 presents significant challenges for Central Scotland Fire & Rescue Joint Board in the immediate future. The process of creating the single service is already underway and the operation of the service is due to commence on 1 April 2013. A Transitional Fire and Rescue Framework gained statutory force on 29 June 2012 and has been adopted by the board. This provides guidance and direction to fire and rescue authorities in terms of priorities and outcomes to enable a smooth transition to the single service.

# Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of Central Scotland Joint Fire & Rescue Board (the board). The nature and scope of the audit were outlined in the Audit Plan presented to the Best Value & Scrutiny Committee on 9 March 2012, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011. The purpose of the annual audit report is to summarise the auditor's opinions (i.e. on the financial statements) and conclusions, and to report any significant issues arising. The report is divided into sections which reflect the public sector audit model.
2. Appendix A lists the reports which have been issued in the course of the year in which we make recommendations for improvements. We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of the Board.
3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the board understands its risks and has arrangements in place to manage these risks. The board should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to members and the Controller of Audit and should form a key part of discussions with audit committees, either prior to, or as soon as possible after, the formal completion of the audit of the financial statements. Reports should be available to the Scottish Parliament, other stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. The management of Central Scotland Joint Fire and Rescue Service is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. The auditor is responsible for auditing and expressing an opinion on the financial statements. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

# Financial statements

6. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
7. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
  - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
  - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements
8. Auditors review and report on, as appropriate, other information published with the financial statements, including the annual governance statement and the remuneration report. Where required, auditors also review and report on the Whole of Government Accounts return. This section summarises the results of our audit on the financial statements.

## Audit opinion

9. We have given an unqualified opinion that the financial statements of Central Scotland Joint Fire & Rescue Board for 2011/12 give a true and fair view of the state of the affairs of the board as at 31 March 2012 and of the income and expenditure for the year then ended.

## Legality

10. Through our planned audit work we consider the legality of the board's financial transactions. In addition the Treasurer has confirmed that, to the best of his knowledge and belief, and having made appropriate enquiries of the board's management team, the financial transactions of the board were in accordance with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to members' attention.

## Going concern

11. The board's balance sheet has an excess of liabilities over assets of £120.419 million (2010/11 £ £106.926 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 indicators that may give rise to going concern considerations is an excess of liabilities over assets.
12. The board has considered it appropriate to adopt a going concern basis for the preparation of the financial statements as the on-going pension liabilities will be met from Scottish Government funding and contributions from constituent authorities of the board. We are satisfied that the process the board has undertaken to consider going concern is reasonable.

## Annual governance statement

13. CIPFA's Delivering Good Governance in Local Government recommends that the review of the effectiveness of the system of governance, including internal control, should be reported in an Annual Governance Statement. The board's financial statements for 2011/12 have included an Annual Governance Statement which sets out the findings from the board's review of the effectiveness of its governance arrangements.
14. We are satisfied with the disclosures made in the Annual Governance Statement and are also satisfied with the adequacy of the process put in place by the board to obtain the necessary assurances for the Statement.

## Remuneration report

15. We are satisfied that the remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Act 1985 and Scottish Government finance circular 8/2011. The disclosures within the 2011/12 financial statements include all eligible remuneration for the relevant board officers and elected members under a number of categories including pension benefits.

## Accounting issues

16. Local authorities in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 ('the Code'). Overall, we are satisfied that the board prepared the 2011/12 financial statements in accordance with the Code.

## Accounts submission

17. The board's unaudited financial statements were submitted to the Controller of Audit by the deadline of 29 June. A comprehensive working papers package was also available by this date. This enabled us to conclude the audit and certify the financial statements by the target date of 28 September 2012. The financial statements are now available for presentation to members and for publication.

## Presentational and monetary adjustments to the unaudited accounts

18. A number of adjustments have been made to the 2011/12 unaudited financial statements in accordance with normal audit practice. These adjustments have not had any impact on the general fund balance of the board. A number of presentational amendments have also been processed to improve the disclosures within the financial statements. As is normal practice, immaterial unadjusted errors have been reported to the Treasurer.

## Pension costs

19. Central Scotland Fire & Rescue Joint Board participates in three pension schemes:
  - Falkirk Council Pension Fund
  - Firefighters' Pension Scheme



- Firefighters' Pension Scheme (New)
20. The Falkirk Council Pension Fund is a multi-employer defined benefit scheme and in accordance with pensions accounting standard IAS19 'Retirement Benefits', the board has recognised its share of the net liabilities for the pension fund in the balance sheet. The valuation at 31 March 2012 provided by the scheme's actuaries increased the board's share of the deficit from £1.992 million last year to £2.222 million this year.
  21. The Firefighters' pension schemes are unfunded and have no assets to be valued. The board's estimated Firefighters' pension scheme's liabilities as at 31 March 2012 were £133.500 million (£121.000 million as at 31 March 2011). As the schemes are unfunded, the pension liabilities will be met by serving officers' contributions and by taxpayers in the future (through Scottish Government funding).
  22. The increase in these liabilities arises because the financial assumptions used by the actuary at 31 March 2012 were less favourable than those used at 31 March 2011 due to the uncertainty in world financial markets and Eurozone economies.

### Whole of Government Accounts

23. The whole of government accounts (WGA) are the consolidated financial statements for all branches of government in the UK. The board submitted the consolidated pack to support its 2011/12 WGA return to the Scottish Government prior to the deadline of 29 July. This has now been audited and the audited return submitted by the target date of 28 September.

### Outlook

24. Looking ahead it is clear that the outlook for public spending remains very challenging as significant budget reductions are required in future years. Spending constraints are set to continue and pressures on available funds will increase

### Pension costs

25. The continuing uncertainty in the world's economic markets and questions about the sustainability of some Eurozone economies will continue to have an impact on the pension fund asset values for the foreseeable future.

### Single Scottish Fire Service

26. The Police and Fire Reform (Scotland) Act 2012 introduces a single Scottish Fire and Rescue Service from 1 April 2013. Although Central Scotland Fire & Rescue Joint Board will cease to exist as of 31 March 2013, there is still a requirement for the board to produce a set of financial statements for 2012/13.
27. The transfer of assets and liabilities to the new body is being considered and overseen by Scottish Government led groups and the merging of finance, procurement, ICT, asset management, information management, performance management, communications and

legal arrangements is being considered by a Finance Project Group made up of practitioners from a selection of individual Scottish boards. This will be a challenging time for the board.

# Financial position

28. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
29. Auditors consider whether audited bodies have established adequate arrangements and examine:
  - financial performance in the period under audit
  - compliance with any statutory financial requirements and financial targets
  - ability to meet known or contingent, statutory and other financial obligations
  - responses to developments which may have an impact on the financial position
  - financial plans for future periods.
30. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

## Financial results

### Budgetary control

31. After adjustments for expenditure required by statute and non-statutory practice to be charged to the general fund the board's surplus for the year was £0.592 million. The board's budgeted expenditure for the year of £14.934 million assumed that £0.2 million of reserves would be utilised in the year. However, net expenditure was £0.592 million below the planned level and therefore the budgeted transfer of £0.2 million was not required and a transfer of £0.392 million was made to reserves.
32. In his Foreword, the Treasurer summarises the principal reasons for this favourable budget variance:
  - employee expenses were £0.493 million below budget due to staffing numbers being under establishment, the absence of a Firefighters' pay award and the injury/ill health pensions provision not fully utilised.
  - property expenses were £0.018 million less than budget due to implemented controls on energy usage, partially offset by an increase in general repairs.
  - income increased by £0.088 million mainly due to an additional officer on secondment to the Scottish Government.
33. The general fund balance carried forward at the year end was £1.742 million. The repairs and renewals fund balance at the year end was £0.743 million, with £0.095 million having been applied during the year.

## Financial position

34. 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. As at 31 March 2012, the general fund balance of £1.742 million was in excess of the 3-5% level identified in the board's reserve strategy. At its meeting on 28th January the board agreed to use £1.00 million of this reserve to support the 2012/13 budget
35. The amounts carried forward by the board were also outwith the overall carry forward limits set by Scottish Ministers. Retrospective approval for the carry forward of the excess funds has been received from Scottish Ministers.

## Capital investment and performance 2011/12

36. Capital expenditure in 2011/12 totalled £1.208 million, increasing from £1.005 million in 2010/11. Capital investment in 2011/12 was funded from government grants (£0.927 million), capital receipts (£0.186 million) and repairs and renewals funding (£0.095 million). The 2011/12 capital spend represented an increase of £0.143 million against the budgeted expenditure of £1.065 million contained in the capital programme. This increase was funded by additional grant received, including that received for the Carbonaceous Fire Training Unit.
37. The board's capital investment programme anticipates capital expenditure of £1.080 million in 2012/13.

## Financial planning to support priority setting and cost reductions

38. The financial challenges facing the Scottish public sector are well documented, with public bodies facing deep and prolonged cuts in funding. The outlook for public expenditure remains tight and the board continues to face significant challenges in ensuring that planned activity remains affordable and sustainable within resources.
39. The Chief Fire Officer and Treasurer reported to the Best Value & Scrutiny Committee on 27 January 2012 that £1.040 million (6.37%) of savings had been identified for the 2012/13 financial year. This was achieved as a result of an examination of all areas of spend carried out by the service. In considering these savings, prime consideration was given to ensure that front line service delivery is maintained.

## Asset management

40. The *'Audit of Best Value - Central Scotland Fire and Rescue Service'* report highlighted that whilst there were no significant concerns about the suitability of operational equipment or the maintenance of property the service does not have a systematic, corporate approach to managing its assets.
41. The board had previously signalled its intention to use the Maximo asset management software used by Tayside Fire and Rescue Service. Following the Police and Fire Reform (Scotland) Act 2012 the board has decided not to invest in a bespoke asset management system at this time. However, it will continue to ensure its assets are managed in a manner

that meets with the requirements of the work being undertaken to bring about a national asset management strategy for the new single service.

## Workforce management

42. The full impact of the merging of the eight single fire and rescue services on the workforce is still unclear. However it is likely that there will be an overall reduction in back office staff to reduce duplication. The period of transition to the new fire authority will be one of great uncertainty for many staff. Such a period of change will impact on staff morale and motivation and the challenge for the board is to maintain staff morale and motivation during this period whilst ensuring that performance does not suffer.

**Refer to Action Plan No. 1**

43. The Scottish Government has recently established a Staff Transfer Project Board in which the Chief Fire Officers Association (Scotland) is represented. The transfer of staff will be in line with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and a guide outlining the key considerations has been presented to the board.

## Procurement

44. Improved procurement practices are an important source of savings. The Public Procurement Reform Board (PPRB) aims to drive continuous improvement in public sector procurement and deliver value for money and increased efficiency through improved structures, capability and processes.
45. The Procurement Capability Assessment has been endorsed by the PPRB and aims to assist organisations to improve their structure, capability, processes and ultimately performance, by attaining a level of performance that is appropriate to the scale and complexity of their business. The results of this assessment for 2011 were presented to the Best Value & Scrutiny Committee on 31 August 2012 and show an overall steady improvement since the development of the assessment in 2009. The Service has again been identified as Conformant.
46. The report also highlighted that further improvement is required in areas such as Procurement Leadership and Governance, Defining the Supply Need, and People.

**Refer Action Plan No. 2**

## Outlook

### 2012/13 budget

47. The period of economic instability is continuing and the board will continue to face funding constraints and spending pressures throughout its final year. The 2012/13 revenue budget includes 1.67% of further efficiency savings amounting to £0.249 million.

## Significant financial risks

48. The outlook for future public expenditure remains tight, and the board faces significant challenges ensuring that planned activity remains affordable and sustainable within available resources in the year approaching the transfer to a single Scottish service.

**Refer to Action Plan No. 3**

# Governance and accountability

49. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
50. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
51. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
  - corporate governance and systems of internal control
  - the prevention and detection of fraud and irregularity
  - standards of conduct and arrangements for the prevention and detection of corruption
52. In this part of the report we comment on key areas of governance.

## Corporate governance

### Processes and committees

53. The board has four sub-committees - the Appeals Committee, the Appointments Committee, the Best Value & Scrutiny Committee and the Resources & Joint Consultative Committee. The new appointments to these sub-committees were agreed on in June 2012 following the local government elections in May 2012.
54. The Best Value & Scrutiny Committee has a scrutiny role with respect to best value, promotion of internal control, performance management, audit and financial management, and arrangements for risk management. The board has noted our previous comments on their role and as a result have attended, and will continue to attend, training and information days covering all aspects of their role, including scrutiny.
55. The board and its sub-committees will have a significant role in the remaining months overseeing the transition to the new single service. Effective governance is of paramount importance at this time of change.

### Internal control

56. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial

systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.

57. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts.
58. In his Internal Audit Annual Assurance Report 2011/12, the Internal Audit Manager confirmed that, based on the audit work carried out, substantial assurance can be placed upon the internal controls in operation throughout the board. This represents an improvement on the 2010/11 Internal Audit Annual Assurance Report in which only limited assurance could be placed upon internal controls. In 2011/12, the review of Property Maintenance Arrangements could provide substantial assurance, however the review of Business Continuity Management Arrangements could only provide limited assurance and identified that there was scope for improvement. Follow up work in these areas will be carried out by Internal Audit in 2012/13 to assess the extent to which agreed management actions have been completed.
59. Our review revealed that Internal Audit met the requirements of the CIPFA Code of Practice for Internal Audit in Local Government and that we were able to place reliance on them to support our audit work.

## Prevention and detection of fraud and irregularities

60. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.
61. The board has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. The board has an approved Anti-Fraud Policy and Fraud Response Plan which contribute to sound arrangements to prevent and detect fraud and corruption.

## NFI in Scotland

62. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The latest exercise started in October 2010 and was reported upon in May 2012. The next round of NFI began in June 2012, and will look to expand the range of data sets and bodies.
63. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate via a secure web application. Bodies investigate these and record appropriate outcomes based on their investigations.
64. The board has participated in this exercise in previous years and no matches have been identified for investigation.



## **Standards of conduct and arrangements for the prevention/ detection of bribery and corruption**

65. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. We have concluded that the arrangements in the Board are satisfactory and we are not aware of any specific issues that we need to identify in this report.

# Best Value, use of resources and performance

66. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value.
67. The Local Government (Scotland) Act 1973 places a duty on the auditors of local government bodies to be satisfied that proper arrangements have been made for securing Best Value. Auditors of local government bodies also have a responsibility to review and report on the arrangements that specified audited bodies have made to prepare and publish performance information in accordance with directions issued by the Accounts Commission.
68. As part of their statutory responsibilities, the Auditor General and the Accounts Commission may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:
  - a performance audit which may result in the publication of a national report
  - an examination of the implications of a particular topic or performance audit for an audited body at local level
  - a review of a body's response to national recommendations.
69. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments
70. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.
71. This section includes a commentary on the Best Value/ performance management arrangements within the board. We also note any headline performance outcomes/ measures used by the board.

## Management arrangements

### Best Value

72. The Best Value audit of the eight fire and rescue authorities in Scotland was carried out during 2011 and the report for Central Scotland Fire & Rescue Service was published in January 2012. The report highlights that Central Scotland Fire & Rescue Service provides an effective, low cost service with a sound approach to budgeting and financial control. The Best Value report highlighted some areas where the service could improve and the board has approved an action plan to address these areas.

73. The report also highlighted that the board should be more proactive in their scrutiny role. The members of the board have noted these comments and, following the May 2012 elections the new board participated in an introductory training event covering the full remit of their role. Further events are planned during 2012/13.

## Risk management

74. The board is committed to its long term objective to enhance risk management culture and awareness within the service and embed the principles of risk management in its strategic planning process. The Police and Fire Reform (Scotland) Act 2012 sets out the framework for the new single Fire and Rescue Service. Discussions are currently on-going as to how the future governance arrangements will operate at a local level.
75. With a view to the future governance arrangements, the service has developed a Risk Reduction Plan (RRP) for 2012/13 which is consistent with the structure and content of the local plan as described in the Act. This will ensure that the service adequately captures all known and anticipated risks across the 3 local authorities and shapes its work directly in relation to them.
76. The new Fire and Rescue Framework for Scotland, which will set out the overarching structure and direction within which the new service will be arranged and delivered is still being developed. The RRP therefore reflects the draft framework issued for consultation.

**Refer Action Plan No. 4**

## Performance management

77. The board reports a combination of statutory performance indicators and local performance indicators which are linked to the standards and targets set out in the three single outcome agreements produced by the Community Planning Partnerships in Clackmannanshire, Falkirk and Stirling. Our review revealed that the process of collating and reporting statutory performance indicators is satisfactory.
78. We have previously reported on the lack of comprehensive performance information against which the success of corporate objectives can be measured. Improvement in this area has continued in 2011/12.
79. The first quarterly Performance Management report was presented to the Best Value and Audit Committee on 4 March 2011 and reporting has continued throughout 2011/12. The reports contain a substantial suite of performance indicators which are also reported to the Senior Management Team. These performance indicators are benchmarked against the best performing Scottish Fire and Rescue Services. The board also continues to report performance to stakeholders through the performance statistics on its website, including an annual performance management report.
80. The board's Risk Reduction Plan for 2012/13 reports on the service's performance in 2011/12. Performance in the majority of indicators has improved from the previous year with the

exceptions being in fire casualties and staff sickness, as reported in the section below. The board has targeted improvements in all performance areas in the 2012/13 RRP.

**Refer Action Plan No. 5**

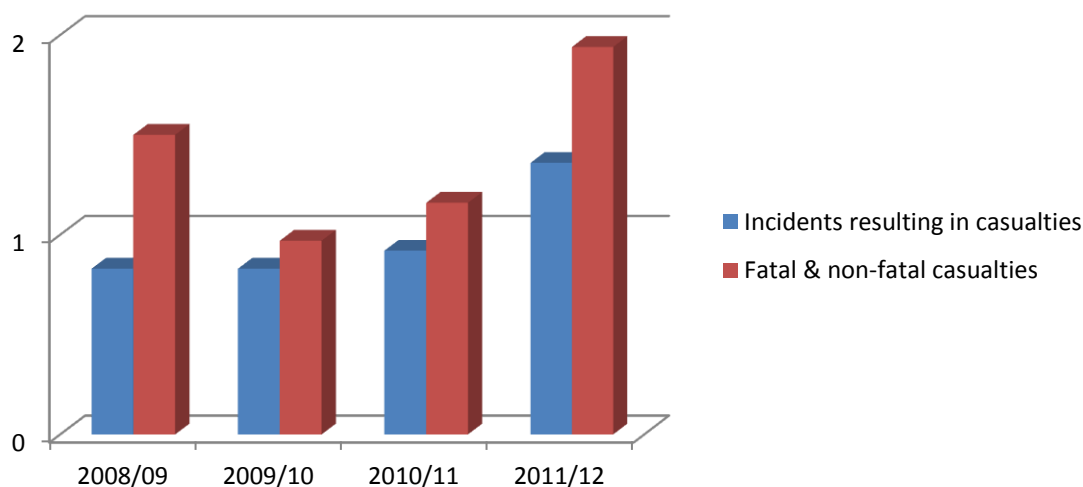
## Community/user engagement

81. The board is a partner in the Clackmannanshire, Falkirk and Stirling Community Planning Partnerships and together with its community planning partners has a strong commitment for working together for the benefit of the local area.

## Overview of performance in 2011/12

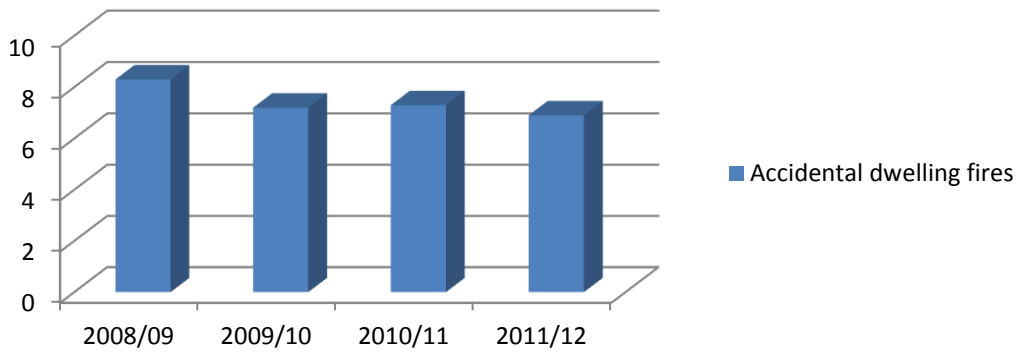
### Fire casualties

82. Performance in this area has deteriorated with increasing numbers for both incidents (from 0.92 per 10,000 population in 2010/11 to 1.36 in 2011/12) and fatal & non-fatal casualties (from 1.2 per 10,000 population in 2010/11 to 1.94 in 2011/12). Both indicators are close to the 2011/12 Scottish averages of 1.4 and 1.9 respectively.



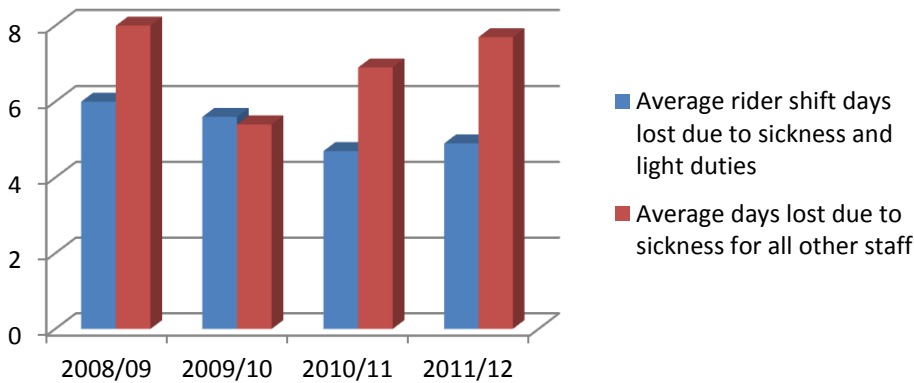
### Accidental dwelling fires

83. Performance in this area has improved slightly with a decrease from 7.2 per 10,000 of population in 2010/11 to 6.9 in 2011/12. This indicator also compares favourably to the 2011/12 Scottish average of 9.5.



### Proportion of working time lost due to sickness

84. Sickness absence levels improved in 2011/12 in respect of rider shifts, with the average number of days lost due to sickness and light duties falling slightly from 4.8 days to 4.7 days. This is lower than the 2011/12 Scottish average of 7.5 days. However, for all other staff, the average number of days lost due to sickness has risen from 6.9 days to 7.7 days, which is above the 2011/12 Scottish average of 6.9 days.



Refer Action Plan No. 6

### National performance reports

85. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed below.

### Exhibit 1: A selection of National performance reports 2011/12

- The National Fraud Initiative in Scotland
- Scotland's public finances: addressing the challenges
- An overview of local government in Scotland - challenges and change in 2012
- How councils work: an improvement series for councillors and officers - Using cost information to improve performance: are you getting it right?

Source: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

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## Outlook

86. The board has made progress in a number of performance areas as reported in the 2012/13 Risk Reduction Plan. However, the current economic climate presents a number of significant challenges to managing and improving performance due to rising costs and public spending cuts which will impact directly on the ability to deliver improvements in service delivery. The reform of the fire service in Scotland also presents significant challenges in performance management where workforce morale and motivation could decline due to the future uncertainty about jobs and staff may find their workloads increasing due to the preparations required for the merger.
87. These challenges increase the importance of robust monitoring and management of performance to ensure that the board can continue to deliver more for less whilst also being ready for the changes ahead.

# Appendix A: audit reports

## External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Best Value & Scrutiny Committee
Annual Audit Plan	February 2012	9 March 2012
Internal controls management letter	6 July 2012	31 August 2012
Report on financial statements to those charged with governance	August 2012	31 August 2012
Audit opinion on the 2011/12 financial statements	5 September 2012	14 November 2012
Report to Members on the 2011/12 audit	31 October 2012	14 November 2012

# Appendix B: action plan

## Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	42.	<p><b>Workforce Management</b></p> <p>The period of transition to the new fire authority will be one of great uncertainty for many staff. Such a period of change will impact on staff morale and motivation and the challenge for the board is to maintain staff morale and motivation during this period whilst ensuring that performance does not suffer.</p> <p><b><i>Risk: Demotivated staff may affect the service's ability to meet performance objectives.</i></b></p>	<p>The Service have developed a communication plan to ensure that personnel are kept fully informed during the process. This includes face-to-face meeting with the CFO and other SMT members and the introduction of the 'Team Briefing' process. A key message for personnel is that although there will be a forthcoming change process there have been assurances from the Scottish Government that there will be no compulsory redundancies.</p>	Senior Management Team	On-going
2	46	<p><b>Procurement</b></p> <p>Although the board's Procurement Capability Assessment results for 2011 show that a steady overall improvement has been made in recent years, there is still room for further improvement in some of the areas assessed.</p>	<p>The Service has no plans to change the current procurement arrangements. Given the remaining timescales before reform and the amount of potential expenditure it is not considered to be in the interests of</p>	DoSS	On-going



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<b>Risk: The procurement capability of the board may not be effective and best placed to deliver best value.</b>	'best value' to introduce changes at this time. Procurement personnel are currently involved in developing detailed procedures for the new Service and ensuring that 'day one' requirements are in place.		
3	48.	<p><b>Financial Uncertainty</b></p> <p>The outlook for future public expenditure remains tight, and the board faces significant challenges ensuring that planned activity remains affordable and sustainable within available resources in the year approaching the transfer to a single Scottish service.</p> <p><b>Risk: There is a risk that financial pressures may impact on the board's services.</b></p>	The board is well aware of the financial climate and for the need to work within approved resources and to that end receives regular budgetary monitoring reports on both capital and revenue. The board also has a "safety net" of reserves.	Chief Finance Officer	On-going
4	76.	<p><b>Risk management</b></p> <p>The new Fire and Rescue Framework for Scotland, which will set out the overarching structure and direction within which the new service will be arranged and delivered is still being developed. The RRP therefore reflects the draft framework issued for consultation.</p> <p><b>Risk: the RRP does not</b></p>	The Senior Management Team will monitor the new 'Framework' as it evolves and ensure the RRP is amended to reflect emerging priorities.	Senior Management Team	On-going

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<i>reflect the final Fire and Rescue Framework for Scotland.</i>			
5	80.	<p><b>Performance Management</b></p> <p>The Board have continued to improve performance management practices and arrangements during 2011/12. However, there are a few areas highlighted in the 2012/13 Risk Reduction Plan and the 2011/12 Annual Performance Indicators where the service can improve. The board have targeted improvement in all performance areas in the 2012/13 RRP.</p> <p><b>Risk: The service may not achieve its performance targets for 2012/13.</b></p>	<p>The Board continue to scrutinize the performance of the Service. Performance reporting has been improved to include benchmarking against the other Scottish Fire and Rescue Services. The Best Value and Scrutiny Committee receive full performance statistics on a quarterly basis.</p>	DoSS and Senior Management Team	On-going
6	84.	<p><b>Sickness Absence</b></p> <p>For all staff, excluding rider shifts, the average number of days lost due to sickness has risen from 6.9 days to 7.7 days.</p> <p><b>Risk: Increased sickness absence could reduce the overall performance of the service.</b></p>	<p>Sickness absence continues to be a key performance indicator within the Service. Given the previously low figures an emphasis has remained on maintaining the lowest levels possible given the current climate of uncertainties. The areas identified under section 1 will contribute to assist in keeping staff absence to the lowest possible</p>	Senior Management Team	On-going

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			levels.		