



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

To: **The Chair and Members of the Audit & Performance Review Committee**

(see below)

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AUDIT & PERFORMANCE REVIEW COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

Monday, 24th April, 2017

A meeting of the Audit & Performance Review Committee will be held on the above date, **commencing at 10.00 am in Committee Room B, Somerset House, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

A G E N D A

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

1 Apologies

2 Minutes (Pages 1 - 4)

of the previous meeting held on 18 January 2017 attached.

3 Items Requiring Urgent Attention

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

PART 1 - OPEN COMMITTEE

4 Grant Thornton Update (Pages 5 - 30)

The Authority's external auditor, Grant Thornton, has submitted FOR INFORMATION a report (enclosed with this agenda) setting out the progress made in delivering its audit responsibilities to the Devon & Somerset Fire & Rescue Authority to the beginning of April 2017.

Also attached with the report is a copy of the Authority's proposed responses in respect of the International Financial Reporting Standards (IFRS) ISA240 compliance letters, including:

- (i) Treasurer's response;
- (ii) Chair's response.

5 External Audit Plan 2016/17 (Pages 31 - 52)

The Authority's external auditor, Grant Thornton, has submitted for consideration an external audit plan for the auditing of the Authority's 2016/17 financial accounts, a copy of which is enclosed with this agenda.

6 2017/18 External Audit Fee Letter (Pages 53 - 56)

The Authority's external auditor, Grant Thornton, has submitted for consideration its proposed Audit Fee letter for 2017/18, a copy of which is enclosed with this agenda.

7 2016/17 Year End Internal Audit Report (Pages 57 - 64)

Report of the Area Manager – Organisational Assurance – (APRC/17/6) attached.

8 Internal Audit Plan 2017/18 (Pages 65 - 66)

Report of the Area Manager – Organisational Assurance – (APRC/17/7) attached.

9 Fire and Rescue Indemnity Company (FRIC) (Pages 67 - 68)

Report of the Risk & Insurance Manager (APRC/17/8) attached.

10 Group Accounts for Devon & Somerset Fire & Rescue Authority and Red One Ltd (Pages 69 - 70)

Report of the Treasurer (APRC/17/9) attached.

11 Devon & Somerset Fire & Rescue Service Performance Report 2016/17: Quarter 3 (Pages 71 - 88)

Report of the Chief Fire Officer (APRC/17/10) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Radford (Chair), Coles, Edmunds (Vice-Chair), Healey, Randall Johnson, Way and Wheeler

NOTES

1.	<u>Access to Information</u> Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the “Please ask for” section at the top of this agenda.
2.	<u>Reporting of Meetings</u> Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority. Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	<u>Declarations of Interests (Authority Members only)</u>
	(a). <u>Disclosable Pecuniary Interests</u> If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must: <ul style="list-style-type: none">(i). disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest;(ii). leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and(iii). not seek to influence improperly any decision on the matter in which you have such an interest. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (ii) and (iii) above.
	(b). <u>Other (Personal) Interests</u> Where you have a personal (i.e. other than a disclosable pecuniary) interest in any matter to be considered at this meeting then you must declare that interest no later than the commencement of the consideration of the matter in which you have that interest, or (if later) the time at which the interest becomes apparent to you. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the precise nature of the interest but merely declare that you have a personal interest of a sensitive nature. If the interest is such that it might reasonably be perceived as causing a conflict with discharging your duties as an Authority Member then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must not seek to improperly influence any decision on the matter and as such may wish to leave the meeting while it is being considered. In any event, you must comply with any reasonable restrictions the Authority may place on your involvement with the matter in which you have the personal interest.
4.	<u>Part 2 Reports</u> Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.
5.	<u>Substitute Members (Committee Meetings only)</u> Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.

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AUDIT & PERFORMANCE REVIEW COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

18 January 2017

Present:-

Councillors Radford (Chair), Coles, Edmunds (Vice-Chair), Healey, Randall Johnson and Wheeler

Apologies:-

Councillor Way

* **APRC/16 Minutes**

RESOLVED that the Minutes of the meeting held on 12 September 2016 be signed as a correct record.

* **APRC/17 Grant Thornton Update**

The Committee received for information a report submitted by the Authority's external auditors, Grant Thornton, setting out the progress made in delivery of its audit responsibilities to the Devon & Somerset Fire & Rescue Authority (up to January 2017). The report covered the following matters:

- the progress made to date with the accounts audit plan, interim and final accounts audit, the value for money conclusion and the Annual Audit Letter (Minute *APRC/18 below refers);
- fire sector accounting and other issues such as the CFOA Response to Home Office workforce statistics;
- technical issues such as the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and its impact on local authorities; and
- a number of recent Grant Thornton publications including "Advancing Closure: the benefit to local authorities and Integrated Reporting".

* **APRC/18 Grant Thornton Annual Audit Letter for the Devon & Somerset Fire & Rescue Authority for the year ended 31 March 2016**

The Committee received for information the Authority's Annual Audit Letter for the year ended 31 March 2016 as submitted by the Authority's external auditor, Grant Thornton.

Peter Barber, representing Grant Thornton, drew attention to the work that had been undertaken with the Authority during the year, including the Statement of Accounts and the Value for Money conclusion, both of which had received an unqualified opinion.

* **APRC/19 Audit & Review 2016/17 Progress Report**

The Committee received for information a report (APRC/17/1) setting out the progress made to date against the approved 2016/17 Internal Audit Plan. The report also provided the results from the Service's self-assessment and the assurance statements for the audits completed since the previous meeting of the Committee on 12 September 2016.

Attention was drawn to the point that the Internal Audit Manager, Paul Hodgson, was leaving the Service on 17 February 2017. The Committee thanked him for all of his hard work for the Authority in the past and wished him well in the future.

Reference was made in particular to the progress that had been made with the Service's self-assessment, the results of which had been very encouraging and well received by staff.

The Committee enquired as to whether this work had been cross mapped with the Peer Review. The Area Manager – Organisational Assurance – confirmed that the outcomes had been cross mapped both with this and European Foundation for Quality Management (EFQM) and that this had resulted in a strategic overview of areas for improvement that could be focussed on by the Service. This was welcomed but a concern was raised in terms of how this information was communicated to staff. The response was given that this was a strategic level management tool and the Service had scored well on communications but it was accepted that this position may change as information was disseminated in the future. One of the key issues identified in the EFQM process was that there was a gap between the Service setting out its strategy and embedding this into the organisation. The Service was aware of the need to address this matter.

*NB. Minute *APRC/20 below also refers.*

* **APRC/20 European Foundation for Quality Management (EFQM) Committed to Excellence (C2E) Outcomes and Next Steps**

The Committee received for information a report of the Area Manager – Organisational Assurance - (APRC/17/2) in respect of the next steps for the European Foundation for Quality Management progression within Devon & Somerset Fire & Rescue Service following the Committed to Excellence (C2E) assessment undertaken in 2016.

The Area Manager – Organisational Assurance – reported that the key themes of the C2E assessment were:

- Leadership;
- Strategy;
- People;
- Partnerships and Resources;
- Processes, products and services; and
- Customer/people results.

He advised the Committee that the Service was focussing on the areas for improvement identified by the assessment and that actions had been agreed to take these forward which had been built into department plans.

The Committee made reference to the cost of undertaking EFQM, which it understood was approximately £5k, when compared to the savings that it had generated of £40k which it was noted was largely as a result of staff savings. Reference was also made to the point in the document circulated that some of the Service's policies may not be fit for purpose for retained staff. Concern was expressed on this point, given that this group represented approximately 80% of the Service's total staff. The Area Manager – Operational Assurance – advised that the Service was aware of this and was addressing this matter. A temporary post of Retained Development Manager had been created to look at such issues and to draw together a proposed way forward for the Service.

* **APRC/21 Peer Review Update**

The Committee received for information a report of the Area Manager – Organisational Assurance (APRC/17/3) – that provided a more detailed update on the progress made in respect of the actions identified within the Peer Review report that had been received in September 2014.

Reference was made to the lack of longer term contracts for staff that had been identified. The Area Manager – Organisational Assurance – replied that this was a sign of the Service managing its financial position in the light of the current economic climate. It was an issue that had been recognised by the Service as a potential risk and thus, had included within the Corporate Risk Register.

*NB. Minute *APRC/22 below also refers.*

* **APRC/22 Corporate Risk Register**

The Committee received for information a report of the Area Manager – Organisational Assurance (APRC/17/4) - that set out any new risks that had been identified for inclusion within the Corporate Risk Register.

Councillor Healey referred to a recent meeting that he had attended where he had received very favourable feedback in respect of the quality of the training provided by the Training Academy and he congratulated the Service on this.

* **APRC/23 Devon & Somerset Fire & Rescue Service Performance Report 2016/17: Quarter 2**

The Committee received for information a report of the Chief Fire Officer (APRC/17/5) to which was appended a document setting out the performance of the Devon & Somerset Fire & Rescue Service for the reporting period of October 2015 to September 2016 (with a focus on quarter 2 of 2016) against those measures contained within "Our Plan: Creating Safer Communities"; the current iteration of the Authority's Corporate Plan.

In summary, the report was structured around the Service's three priorities, namely public safety, staff safety and efficiency and effectiveness. The primary focus was on the corporate performance measures 1 to 8 and sickness absence and whether any of the changes in data that might be seen were within normal levels. In terms of the trends identified, the following points were noted:-

- Measure 1 – deaths as a result of fires where people live – this was down (all fires) from 10 to 6 at this point in the year;

- Measure 2 – injuries as a result of fires where people live – the number of injuries had reduced but there had been a slight increase on the previous 12 month period so the position was being monitored;
- Measure 3 – fires where people live – there had been little change on the number of fires with 985 in the reporting period from October 2015 to September 2016 as compared to 989 in the previous 12 months;
- Measure 4 – fire related deaths where people work, visit and in vehicles – there had been 3 fire related deaths where people work, visit and in vehicles in the 12 month reporting period from October 2015 to September 2016 as compared with the same period the previous year when there had been no deaths);
- Measure 5 – fire related injuries where people work, visit and in vehicles - there had been a small decrease in the number of fire related injuries where people worked from 37 to 33 as compared with the previous 12 month period (October 2015 to September 2016);
- Measure 6 – fires where people work, visit and in vehicles – there had been 1271 fires where people work and visit and in vehicles in the 12 month reporting period from October 2015 to September 2016 as compared with 1286 fires in the previous 12 month period. There had been 387 fires between July and September 2016, however, which was a 15.5% increase compared to the previous quarter so this measure was being monitored;
- Measures 7 & 8 – achieving the Emergency Response Standards – there had been an improvement in the first response to fire incidents where people live within 10 minutes from the time of call; although the performance in respect of first response to road traffic collisions within 15 minutes had decreased in the same period (October 2015 to September 2016).

In terms of sickness absence, it was noted that for all staff, there had been a decrease from 9.64 days/shifts lost down to 8.9 days/shifts lost in the year October 2015 to September 2016 with both long term sickness and uniformed station based staff sickness rates also being reduced.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 10.00 am and finished at 11.55 am

Audit and Performance Review Committee Update Devon and Somerset Fire & Rescue Authority

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Year ended 31 March 2017
April 2017

Peter Barber

Associate Director

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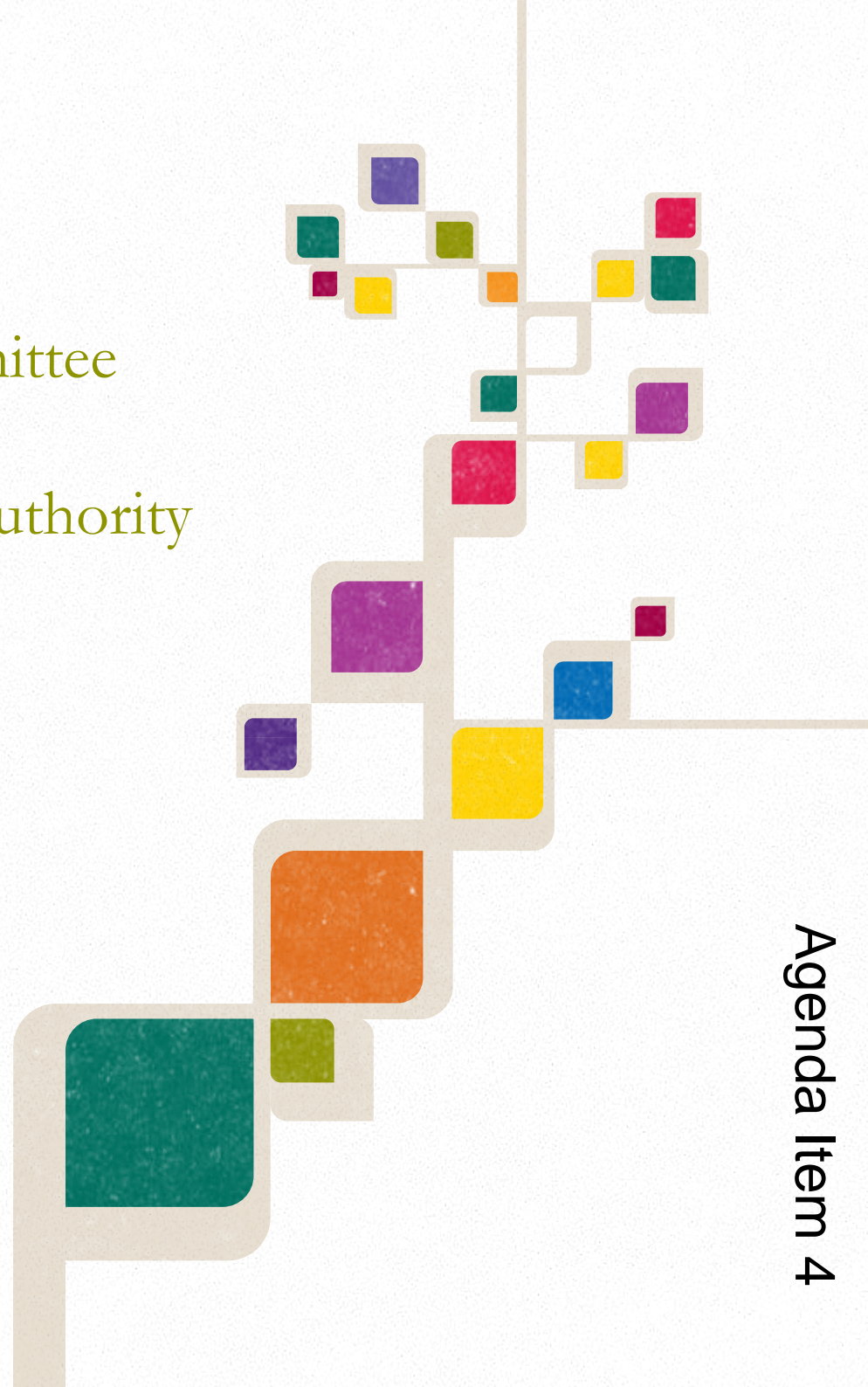
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Introduction

This paper provides the Audit and Performance Review Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Performance Review Committee can find further useful material on our website www.grantthornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

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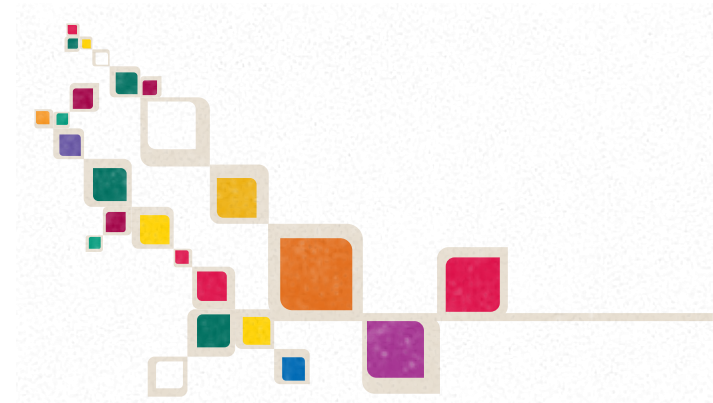
- New laws to prevent fraud may affect the public sector (November 2016); <http://www.grantthornton.co.uk/en/insights/new-laws-to-prevent-fraud-may-affect-the-public-sector/>
- Brexit: local government – transitioning successfully (December 2016) <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>
- Link to our webinar on the implications of article 50 <http://www.grantthornton.co.uk/en/insights/article-50--what-happened-and-what-does-it-mean/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

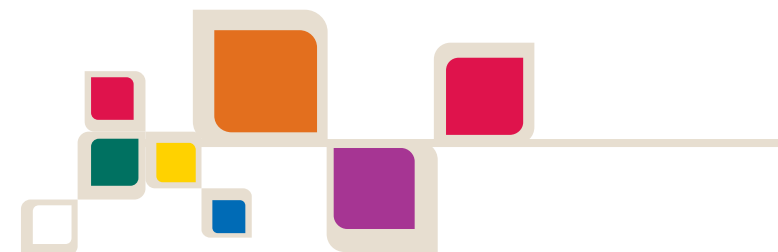
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

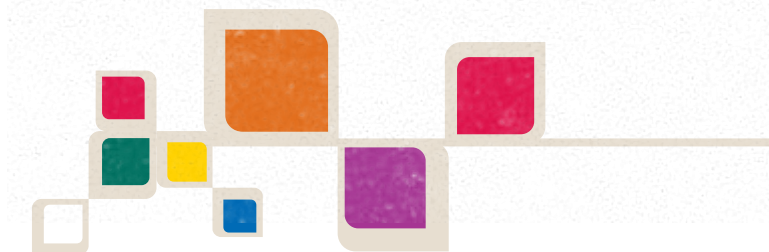


Progress to date



2016/17 work	Planned Date	Complete?	Comments
<p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.</p>	<p>April 2016</p>	<p>Yes</p>	<p>The 2016/17 fee letter was issued in April 2016.</p> <p>The 2016/17 work programme and fees is accessible from the Public Sector Audit Appointments (PSAA) website www.psa.co.uk.</p> <p>Our fee letter set out the scope of our 2016/17 work and included an outline timetable</p>
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Authority setting out our proposed approach in order to give an opinion on the Authority's 2016/17 financial statements.</p>	<p>April 2017</p>	<p>Yes</p>	<p>The Audit Plan is included on the agenda of this APRC meeting.</p>
<p>Interim accounts audit</p> <p>Our interim fieldwork visits include:</p> <ul style="list-style-type: none"> • updating our review of the Fire Authority's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	<p>January – February 2017</p>	<p>Yes</p>	<p>The results of the interim audit are reported in the Audit Plan, which is a separate item on the agenda of this meeting.</p>
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	<p>July – September 2017</p>	<p>Not started</p>	<p>We will undertake work on your draft financial statements to provide an opinion by the statutory deadline. The final accounts audit is scheduled to start on 3 July 2017.</p>

Progress to date



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2016/17 work	Planned Date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2016/17 VfM Conclusion requires conclusions on whether:</p> <p><i>"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</i></p> <p>The Code requires auditors to satisfy themselves that; "the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	<p>January – July 2017</p>	<p>In progress</p>	<p>The results of our initial risk assessment are reported in our audit plan which is included as a separate item on the agenda of this meeting.</p>
<p>Annual Audit Letter</p> <p>We will summarise all the work completed as part of our 2016/17 audit within one letter which will be issued after the opinion.</p>	<p>October 2017</p>	<p>Not yet due</p>	
<p>Other activities</p> <ul style="list-style-type: none"> • We held Faster Close workshops in Bristol and Exeter during October 2016. The workshops were aimed at local authority practitioners and considered the main factors for authorities to consider in accelerating their financial reporting procedures to produce their year-end accounts. The Exeter workshop on 19 October was attended by members of the Authority's Finance team. • We are holding our own local government accounts workshops in 2016/17. Local events were held in Plymouth on 28 February and in Bristol on 1 March. Members of the Authority's finance team attended the workshop in Plymouth. 			

Fire Sector Accounting and other issues

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Policing and Crime Bill receives Royal Assent

The government marked a major milestone in its police reform agenda on Tuesday, 31 January as the Policing and Crime Bill received Royal Assent. The [Policing and Crime Act 2017](#) will enhance the democratic accountability of police forces and fire and rescue services, improve the efficiency and effectiveness of emergency services through closer collaboration, and build public confidence in policing.

The act includes a number of provisions, including the placing of a new duty on police, fire and rescue and emergency ambulance services to collaborate where it is in the interests of their efficiency or effectiveness and enable police and crime commissioners (PCCs) to take on responsibility for the governance of fire and rescue services, where a local case is made.

Minister for Policing and the Fire Service, Brandon Lewis, said:

Police reform is working, and crimes traditionally measured by the survey have fallen by a third since 2010 to a record low. I am delighted this act has now received Royal Assent and, in close collaboration with police and fire stakeholders, we will work hard to implement the act's provisions to further improve the effectiveness and accountability of our emergency services.

Technical Matters

Page 11



Pooling of LGPS

From 1 April 2018 £200bn of assets from 90 LGPS funds across England and Wales will be merged into six 'British Wealth Funds'. By pooling investment, costs can be reduced through economies of scale and through sharing of expertise, while the schemes can maintain overall investment performance. Pension funds will continue to be managed and maintained by the separate administering authorities. The selection of fund managers will be made by the investment pool operator on behalf of a pool of co-operating administrative authorities, while individual investment strategies, including asset allocation, will remain the responsibility of the individual administrative authority.

Potentially eight pools are to be established across the country with total assets ranging from £13bn in both the LPP and Wales pool, to £36bn in the Border to Coast pool. It is expected that assets will be transferred to the pools as soon as practicable after 1 April 2018.

Tasks to be completed by April 2018 include:

- creating legal structures for pools
- transferring staff
- creating supervisory boards/ committees
- obtaining FCA authorisations
- appointing providers
- assessing MiFID II implications
- determining pool structures for each asset type

The funds themselves will retain responsibility for:

- investment strategy
- asset allocation

- having a responsible investment strategy
- reporting to employers and members

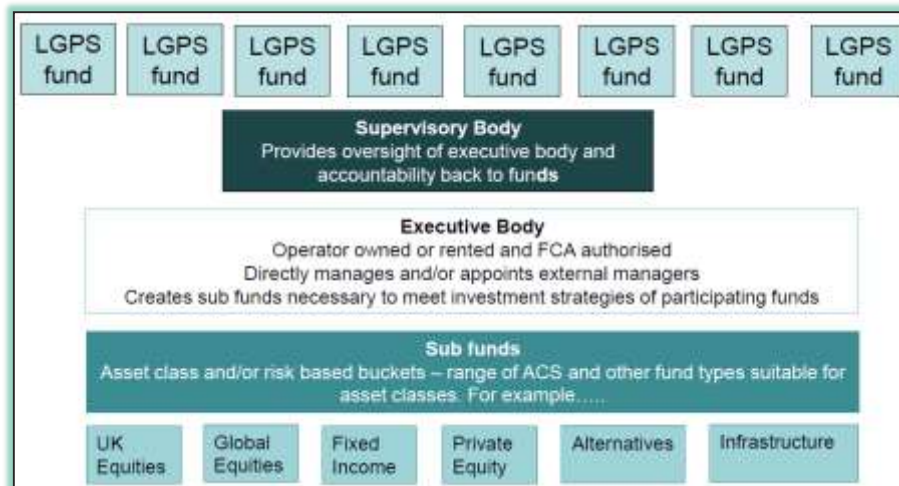
Governance arrangements

There is no mandatory membership of oversight structures. It is for each pool to develop the proposals they consider appropriate. The majority of decision making remains at the local level and therefore the involvement of local pension boards in those areas would not change. Scheme managers should consider how best to involve their pension boards in ensuring the effective implementation of investment and responsible investment strategies by pools, which could include representation on oversight structures.

CIPFA in the recent article [Clear pools: the future of the LGPS](http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/clear-pools-the-future-of-the-lgps) highlights the need for good governance particularly in view of the complex web of stakeholders involved in investment pooling. Robust governance will be vital to ensuring a smooth transition and continuing operation of the funds

National developments

Link:
<http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/clear-pools-the-future-of-the-lgps?>



typical structure of LGPS Pool

Grant Thornton



Apprentice Levy-Are you prepared?

Grant Thornton update

What is the levy?

The UK has been struggling on productivity, now estimated to be 20% behind the G7 average. Developing apprenticeships is set to play a key part in tackling this and bridging the skills gap.

Announced by government in July 2015, the levy is to encourage employers to offer apprenticeships in meeting their skill, workforce and training needs, developing talent internally. The levy is designed to give more control to employers, through direct access to training funds and creation of apprenticeships through the Trailblazer process.

What is the levy?

From April 2017, the way the government funds apprenticeships in England is changing. Some employers will be required to pay a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.

The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.

Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.

Employers in England are also able to get 'more out than they put in', through an additional government top-up of 10% to their levy contribution.

When employers want to spend above their total levy amount, government will fund 90% of the cost for training and assessment within the funding bands.

The existing funding model will continue until the levy comes into effect May 2017. The levy will apply to employers across all sectors.

Paybill will be calculated based on total employee earnings subject to Class1 National Insurance Contributions. It will not include other payments such as benefits in kind. It will apply to total employee earnings in respect of all employees.

What will the levy mean in practice

Employer of 250 employees, each with a gross salary of £20,000:

Paybill: $250 \times £20,000 = £5,000,000$

Levy sum: $0.5\% \times = £25,000$

Allowance: $£25,000 - £15,000 = £10,000$ annual levy

How can I spend my levy funds?

The funding can only be used to fund training and assessment under approved apprenticeship schemes. It cannot be used on other costs associated with apprentices, including wages and remuneration, or training spend for the wider-team.

Through the Digital Apprenticeship Service (DAS), set up by government, employers will have access to their funding in the form of digital vouchers to spend on training.

Training can be designed to suit the needs of your organisation and the requirements of the individual in that role, in addition to specified training for that apprenticeship. Training providers must all be registered with the Skills Funding Agency (SFA).

What do I need to start thinking about now?

- How much is the levy going to cost and have we budgeted for it?
- How do we ensure compliance with the new system?
- Which parts of my current spend on training are applicable to apprenticeships?
- Are there opportunities to mitigate additional cost presented by the levy?
- How is training in my organisation structured?
- How do we develop and align to our workforce development strategy

Off-payroll working and salary sacrifice in the public sector

Off-payroll working

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the Chancellor announced that the measures that were proposed in Budget 2016 that could affect services supplied through personal service companies (PSCs) to the public sector will be implemented.

At present, the so-called IR35 rules require the worker to decide whether PAYE and NIC are due on the payments made by a PSC following an engagement with a public sector body. The onus will be moved to the payer from April 2017. This might be the public sector body itself, but is more likely to be an intermediary, or, if there is a supply chain, to the party closest to the PSC.

The public sector body (or the party closest to the PSC) will need to account for the tax and NIC and include details in their RTI submission.

The existing IR35 rules will continue outside of public sector engagements.

HMRC Digital Tool – will aid with determining whether or not the intermediary rules apply to ensure of “consistency, certainty and simplicity”.

When the proposals were originally made, the public sector was defined as “those bodies that are subject to the Freedom of Information rules”. It is not known at present whether this will be the final definition. Establishing what bodies are caught is likely to be difficult however the public sector is defined.

A further change will be that the 5% tax free allowance that is given to PSCs will be removed for those providing services to the public sector.

This will increase costs, move responsibility to the engager and increase risks for the engager

Salary sacrifice

The Chancellor's Autumn Statement 2016 speech also introduced changes to salary sacrifice arrangements. In particular, the proposals from earlier this year to limit the tax and NIC advantages from salary sacrifice arrangements in conjunction with benefits will be implemented from April 2017.

Although we await the details, it appears that there is a partial concession to calls made by Grant Thornton UK and others to exempt the provision of cars from the new rules (to protect the car industry). Therefore, the changes will apply to all benefits other than pensions (including advice), childcare, Cycle to Work schemes and ultra-low emission cars.

Arrangements in place before April 2017 for cars, accommodation and school fees will be protected until April 2021, with others being protected until April 2018.

These changes will be implemented from April 2017.

As you can see, there is a limited opportunity to continue with salary sacrifice arrangements and a need also to consider the choice between keeping such arrangements in place – which may still be beneficial – or withdrawing from them.

Grant Thornton update

Issues to consider

- Interim and temporary staff engaged through an intermediary or PSC
- Where using agencies ensure they're UK based and operating PAYE
- Update on-boarding / procurement systems, processes and controls
- Additional take on checks and staff training / communications
- Review of existing PSC contractor population before April 2017
- Consider moving long term engagements onto payroll
- Review the benefits you offer - particularly if you have a flex renewal coming up
- Consider your overall Reward and Benefit strategy
- Consider your Employee communications



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Your ref

Date : 24th April 2017

Telephone : 01392 872200

:

Our ref :

Please ask for : Kevin Woodward
Email : kwoodward@dsfire.gov.uk

Fax : 01392 872300
Direct Telephone : 01392 872317

Dear Peter,

Devon and Somerset Fire and Rescue Authority
Financial Statements for the year ended 31 March 2017

I refer to your letter dated 11 January relating to your need, under International Auditing Standards, to better understand the management processes in place to prevent cases of fraud and corruption and compliance with laws and regulation, and provide as Appendix A my responses to the specific requests that you have made.

In providing such responses I provide further information relating to a summary of evidence that I have relied on to inform my responses, and the sources of assurance that I have that the relevant management controls have operated effectively through the financial year to date and will operate up to the date the accounts are approved.

Summary of Evidence

- Compliance with Whistle Blowing Policy.
- Results of National Fraud Initiative.
- Information provided by statutory officers of Treasurer and Monitoring Officer with responsibility to ensure that the business of the Service is conducted within the law.
- Inter Authority Agreement relating to the provision of Legal, Governance and other services with Devon County Council, Plymouth City Council, Torbay Council and Cornwall Council.
- Compliance with Fraud and Corruption Policy encouraging high standards of conduct and integrity.
- Reports to Executive Board of suspicion of fraudulent activity.
- Internal and external audit reports.
- Compliance with Authority Financial Regulations, Scheme of Delegations and Contract Standing Orders.
- Review of Anti-Fraud and Corruption Arrangements 2011.
- Monitoring of issues of fraud and corruption from Risk and Insurance Officer.
- Establishment of new internal Self-Assessment process/toolkit –FRA Member approved and endorsed by Grant Thornton/Devon Audit Partnership

Sources of Assurance

- Application of robust internal controls being applied to transactions throughout the organisation e.g. separation of duties, authorised signatory lists, all payments over £20,000 are subject to Authorised bank signatory before released.
- Executive Board members review of all supplier payments over £50,000 on a quarterly basis.
- All year-end journal entries processed by central finance team and reviewed.
- New suppliers/debtors can only be set up by central finance team.
- Analytical review of figures with previous year.
- Regular reconciliation processes in place e.g. monthly bank reconciliation, payroll, purchase ledger, sales ledger, and cash management ledger.
- Annual Internal Audit review of financial systems and transactions.
- Annual Statement of Assurance.

I trust that this provides you with the key information required for you to obtain the necessary understanding of the position in my Authority but please come back to me if there is anything further that might assist you.

Yours sincerely,

Kevin Woodward
Treasurer to Devon and Somerset Fire and Rescue Authority

APPENDIX A

Audit Question	Management response
<p>What do you regard as the key events or issues that will have a significant impact on the financial statements for 2016-17?</p>	<p>Changes to the CIPFA code in regards to the presentation of the key statements which require restatement of the prior year for comparison and explanatory notes.</p> <p>Consideration will be given to the establishment of a provision for the Emergency Services Mobile Communications Programme, over which there is a high level of uncertainty.</p>
<p>Have you considered the appropriateness of the accounting policies adopted by the Authority? Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>Yes. No changes identified.</p>
<p>Are you aware of any changes to the Authority regulatory environment that may have a significant impact on the Authority's financial statements?</p>	<p>No.</p>
<p>How would you assess the quality of the Authority's internal control processes?</p>	<p>I would assess as good and fit for purpose.</p>
<p>How would you assess the process for reviewing the effectiveness of internal control?</p>	<p>The officer Corporate Governance group meet twice a year to monitor the effectiveness of internal control processes to feed into Annual Assurance Report.</p> <p>Monitoring of issues of fraud and corruption identified.</p> <p>Reliance on outcomes from internal and external audit reports.</p>
<p>How do the Authority's risk management processes link to financial reporting?</p>	<p>Representation on the Corporate Governance Group of members of Risk and Insurance Team and Finance.</p>
<p>How would you assess the Authority's arrangements for identifying and responding to</p>	<p>Annual review of Authority Governance Documents, including Strategy on the</p>

Audit Question	Management response
the risk of fraud?	<p>Prevention and Detection of fraud and corruption.</p> <p>Monitoring of issues of fraud and corruption identified through the work of the Insurance and Risk Team.</p> <p>Periodic review of Anti-Fraud and Corruption arrangements.</p>
What has been the outcome of these arrangements so far this year?	No changes to existing documents and no potential case of fraud identified.
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>Payroll costs relating to the Retained Duty System (RDS), approx. £12m per annum, includes some elements that are paid by claims on a pay-as-you-go basis. Without robust internal control arrangements this area of spend could be subject to abuse from fraud.</p> <p>Loss of Earnings claims by RDS personnel is an area where previous cases of dishonest/fraudulent claims have been identified.</p>
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	Yes, one case which is currently subject to an internal grievance procedure.
Have any reports been made under the Bribery Act?	None.
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	<p>The Strategy on Prevention and Detection of Fraud and Corruption Document includes reporting arrangements for cases of suspected fraud, including reporting to Members of the Authority.</p> <p>Internal Audit reports to the Audit and Performance Review Committee will include any suspected fraud cases.</p>
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	<p>Whistle blowing policy and anti-fraud and corruption policy encourages staff to speak up, and identifies action to take in cases of suspected fraudulent activity.</p> <p>Publication of Core Values.</p>

Audit Question	Management response
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	<p>Risk and Insurance Team headed by the Insurance and Risk Manager holds responsibility for assessing potential litigation and claims against the Service.</p> <p>As members of the Fire Lawyers Network and Fire Finance Network Group issues of a national nature that may impact on the Authority are reported.</p>
Is there any use of financial instruments, including derivatives?	None other than the routine instruments such as debtors and creditors as disclosed in the Financial Statements.
Are you aware of any significant transaction outside the normal course of business?	None.
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	None.
Are you aware of any guarantee contracts?	None.
Are you aware of allegations of fraud, errors, or other irregularities during the period?	One case of potential errors relating to cross-charging to the Authority's trading company Red One Ltd.
Are you aware of any instances of non-compliance with laws or regulations or is the Authority on notice of any such possible instances of non-compliance?	An assessment is being made of whether the potential errors relating to cross-charging to the Authority's trading company (Red One Ltd.) between April 2013 and March 2016 has implications under the Local Government (Power to Trade) Order 2009 and State Aid legislation. This assessment is expected to be completed by the end of June/July 2017.
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	None in 2016-17.
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	None other than those critical judgements included in the Financial Statements.
Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the	Amounts included in the Financial Statements as Provisions:

Audit Question	Management response
<p>nature of the data used, and the degree of estimate uncertainty inherent in the estimate?</p>	<p><u>Pension Liability</u> – the estimated liability has been assessed on the basis of potential claims. This assessment is based upon a “likely scenario” but carries some element of risk that more claimants come forward than estimated.</p> <p><u>Severn Park Private Finance Initiative (PFI)</u> – the estimated liability has been provided been provided by Gloucestershire County Council who lead on the financial arrangements for the project. The liability will be subject to variations from the impact of the economy on future interest rates.</p> <p><u>The use of estimates for operating expenditure and pension fund</u> – Due to shortening timescales for production of the Financial Statements, greater reliance will be placed on the use of estimates particularly regarding pension funds for fire fighters and the local government schemes, where 11 months of data will be used to inform the actuarial report. Estimates have been reviewed for appropriateness at interim audit and agreed with the auditor.</p>
<p>Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?</p>	<p>None.</p>
<p>Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?</p>	<p>The Medium Term Financial Plan (MTFP) has forecast funding levels for the next five years to inform future planning.</p> <p>No critical risks around the ability of the Service to continue to operate as a going concern in this period have been identified.</p>
<p>Other than in house solicitors, can you provide details of those solicitors utilised by the Authority during the year. Please indicate where they are working on open litigation or contingencies from prior years?</p>	<p>Ashford's, Foot Anstey, Browne Jacobson, together with Cornwall Council and Plymouth City Council legal services have been used by the Authority to provide legal advice and services where required. Cornwall Council and Plymouth City Council Legal Services are</p>

Audit Question	Management response
	both working on open litigation cases.
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	External Tax advisor provided advice relating to the application of tax exemptions. External Accountancy firm to undertake work associated with the potential errors relating to cross-charging to the Authority's trading company (Red One Ltd.)
Have any of the Authority's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	Potential errors relating to cross-charging to the Authority's trading company (Red One Ltd.) between April 2013 and March 2016 has implications under the Local Government (Power to Trade) Order 2009 and State Aid legislation.

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Direct Telephone : 01392 872317

Dear Peter,

**Devon and Somerset Fire and Rescue Authority
Financial Statements for the year ended 31 March 2017**

I refer to your letter dated 11th January requesting information from me as the Chair of the Audit and Performance Review Committee in order to provide you with a better understanding of how the Committee gains assurances over management processes and arrangements. Please find attached as Appendix A, the Committee's responses to each of the specific questions that you have raised.

I trust that this provides you with the necessary but please come back to me if there is anything further that might assist you.

Yours sincerely,

Councillor Ray Radford
Chair, Audit and Performance Review Committee.
Devon and Somerset Fire and Rescue Authority

APPENDIX A – CHAIR OF APRC RESPONSES

Fraud Risk Assessment

Auditor Question	Response
Has the Authority assessed the risk of material misstatement in the financial statements due to fraud?	Yes.
What are the results of this process?	No issues identified.
What processes does the Authority have in place to identify and respond to risks of fraud?	<ul style="list-style-type: none"> • Strategy for the Detection of Fraud and Corruption. • Whistleblowing Code (Confidential Reporting Policy). • National Fraud Initiative. • Risk and Insurance Officer. • Appointment of Statutory Officers of Treasurer and Monitoring Officer. • Internal and External Audit scrutiny. • Periodic review of anti-fraud and corruption arrangements. • Budget monitoring. • Appropriate controls to enforce segregation of duties. • Relevant training and awareness raising for managers and other staff. • Publication of Transparency Fraud Report.
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	None identified.
Are internal controls, including segregation of duties, in place and operating effectively?	Yes.
If not, where are the risk areas and what mitigating actions have been taken?	N/A.
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	None that I have been made aware of.
Are there any areas where there is a potential for misreporting?	None that I have been made aware of.
How does the Audit and Performance Review Committee exercise oversight over management's processes for identifying and responding to risks of fraud?	<ul style="list-style-type: none"> • Assurances received from Internal and External Audit reports relating to the robustness of internal control procedures, and potential areas of weakness. • Assurances from the Treasurer in relation to potential mis-statements of the Accounts. • Publication of Annual Statement of Assurance. • Reporting requirements as laid down within the approved Whistleblowing Code. • Reporting requirements as laid down within the

	<p>approved Fraud and Corruption Policy.</p> <ul style="list-style-type: none"> • Reports from the annual National Fraud Initiative exercise. • Reports from Internal Audit investigations. • Reports from the Treasurer of any suspected issues of fraud. • Fraud and Corruption Risk Assessment carried out by the Risk and Review Manager.
What arrangements are in place to report fraud issues and risks to the Audit and Performance Review Committee?	<ul style="list-style-type: none"> • Reporting requirements as laid down within the approved Whistleblowing Code. • Reporting requirements as laid down within the approved Strategy on the Prevention and Detection of Fraud and Corruption. • Reports from the annual National Fraud Initiative exercise. • Reports from Internal Audit investigations. • Reports from the Treasurer of any suspected issues of fraud.
How does the Authority communicate and encourage ethical behaviour of its staff and contractors?	<ul style="list-style-type: none"> • Staff Code of Conduct. • Employee workshops to engage on respect and ethical behaviour in the workplace. • Management and professional training. • Publication of Core Values.
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?	<ul style="list-style-type: none"> • Strategy on the Prevention and Detection of Fraud and Corruption encouraging high standards of conduct and integrity. • Whistleblowing Code. <p>No significant issues have been reported.</p>
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	No.
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Authority as a whole or within departments since 1 April 2016?	No.

Law and regulation

Auditor Question	Response
<p>What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations?</p>	<ul style="list-style-type: none"> • The appointment of suitably qualified and experienced Treasurer, Monitoring Officer and Clerk to the Authority to provide assurance to the Committee that the business of the Service is conducted within the law, and to advise the Committee where there may be potential for the Authority to acting ultra vires. • Reliance that reports from the Chief Fire Officer contain sufficient information to provide assurance to the Committee that legal implications have been considered, before decisions are made. • The use of professional legal advisors. • External and internal audit reporting.
<p>How does management gain assurance that all relevant laws and regulations have been complied with?</p>	<ul style="list-style-type: none"> • Both the Treasurer and Monitoring Officer are members of the Executive Board. • Professional qualified subject matter experts are employed as Heads of Department and are members of the Service Leadership Team e.g. HR, Finance, Procurement. • Publication of Annual Statement of Assurance.
<p>How is the Audit and Performance Review Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<ul style="list-style-type: none"> • The appointment of suitably qualified and experienced Treasurer, Monitoring Officer and Clerk to the Authority. • The appointment of professional qualified subject matter experts as Heads of Department e.g. HR, Finance, Procurement. • The use of professional legal advisors. • Reliance that reports from the Chief Fire Officer contain sufficient information to provide assurance to the Committee that legal implications have been considered, before decisions are made. • External and internal audit reporting. • Publication of Annual Statement of Assurance.
<p>Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2016?</p>	<p>Yes, an assessment is being made of whether potential errors relating to cross-charging to the Authority's trading company (Red One Ltd.) between April 2013 and March 2016 has implications under the Local Government (Power to Trade) Order 2009 and State Aid legislation. This assessment is expected to be completed by the end of June/July 2017.</p>
<p>What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims?</p>	<ul style="list-style-type: none"> • Risk and Insurance Team headed by the Risk and Insurance Officer holds responsibility for assessing potential litigation and claims

	<p>against the Authority.</p> <ul style="list-style-type: none"> • As members of the Fire Lawyers Network and Fire Finance Network Group issues of a national nature that may impact on the Authority are reported.
Is there any actual or potential litigation or claims that would affect the financial statements?	One Employment Tribunal claim.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	None in 2016-17.

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The Audit Plan for Devon and Somerset Fire and Rescue Authority

Year ended 31 March 2017

April 2017

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Dear Members of the Audit and Performance Review Committee

Audit Plan for Devon and Somerset Fire and Rescue Authority for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of Devon and Somerset Fire and Rescue Authority, the Audit and Performance Review Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Authority and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

- give an opinion on the Authority's financial statements
- satisfy ourselves the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We look forward to working with you during the course of the audit.

Yours sincerely

Peter Barber

Engagement Lead

Chartered Accountants

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Understanding your business and key developments

Developments

Blue light collaboration

The Government is committed to driving further collaboration between Fire and the other blue-light services. The Policing and Crime Bill is expected to come into effect in 2017, and will:

- introduce a high level duty on all three emergency services to collaborate; and
- enable Police and Crime Commissioners to take on the functions of Fire and Rescue Authorities, and to potentially create a single employer for Police and Fire personnel.

Shared back office functions

One key area where Fire Authorities are collaborating with other providers is via shared back office functions. The Authority is seeking opportunities with Devon & Cornwall Police and Dorset Police, including on support functions.

Key challenges

Fire reform

The Government has set out a radical programme of Fire Reform. This is likely to include the introduction of a new inspectorate, a new standards setting body and publishing data on procurement costs. Fire services are also being challenged to improve the diversity of the workforces. In addition CFOA has agreed to set up a new National Fire Chiefs Council which is due to start work in April 2017.

Local challenges

As with the majority of public sector bodies, the Authority has a significant challenge in achieving its identified savings target in the medium term.

The total Settlement Funding Assessment in 2017/18 has reduced by £2.99m (11%) from 2016/17, with the reduction from 2015/16 to 2019/20 in the four year settlement being £7.2m (24.6%).

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require Local Government bodies to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year.

Our response

- We aim to complete all our substantive audit work of your financial statements by the end of July 2017
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops
- As part of our Value for Money work we will consider the arrangements the Authority is putting in place in relation to the Strategic Alliance work.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Authority. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Authority. For purposes of planning the audit we have determined overall materiality to be £1,767k (being 2% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £88,350.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10,000
Disclosure of auditors' remuneration in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10,000
Disclosure of members' allowances in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Devon and Somerset Fire and Rescue Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Devon and Somerset Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable Therefore do not consider this to be a significant risk for Devon and Somerset Fire and Rescue Authority.
Management override of controls	Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	Work completed to date: <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation for the period from April 2016 to December 2016 Further work planned: <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Selection of unusual journal entries for testing back to supporting documentation for the period from January 2017 to March 2017 • Review of unusual significant transactions
The expenditure cycle includes fraudulent transactions	Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered.	We do not consider this to be a risk for the audit as our experience shows that expenditure is well controlled and monitored. In addition, of the 2016/17 budgeted expenditure (based on the Q2 outturn reports), -74% relates to employee remuneration, which is addressed by our procedure in response to the identified risk in this area -19% relates to operating expenditure which is addressed by our procedures in response to the identified risk in this area

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to date and the work we plan to address these risks.

Significant risk	Description	Audit procedures
<p>Valuation of property, plant and equipment</p>	<p>The Code requires that the Authority ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of the instructions issued to valuation experts and the scope of their work • Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they are input correctly into the Authority's asset register • Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
<p>Valuation of pension fund net liability</p>	<p>The Authority's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Identification of the controls put in place by management to ensure that the pension fund liability is not materially misstated. Assessment of whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • Review of the competence, expertise and objectivity of the actuary who carried out the pension fund valuation <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of the basis on which the valuation is carried out. • Procedures to confirm the reasonableness of the actuarial assumptions made. • Review of the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
<p>Operating expenses</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 38</p>	<p>Year end creditors and accruals are understated or not recorded in the correct period</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Documentation of the processes and controls in place around the accounting for operating expenses • Completion of a walkthrough test to confirm the operation of controls is in line with our understanding • Documentation of the processes in place for year end accruals • Early substantive testing on a sample of operating expenses up to December 2016 <p>Further work planned:</p> <ul style="list-style-type: none"> • Completion testing of a sample of operating expenses to ensure they have been accurately accounted for and in the correct period • Cut off testing of expenditure, including a review of payments made after the year end to identify unrecorded liabilities • Review of estimates, judgements and decisions made by management for unusual and large accruals
<p>Employee remuneration</p>	<p>Employee remuneration accruals are understated</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Documentation of the processes and controls in place around the accounting for employee remuneration • Completion of a walkthrough test to confirm the operation of controls is in line with our understanding • Review of monthly trend analysis of employee costs from April 2016 to December 2016 to identify any unusual or irregular movements • Early substantive testing on a sample of employees covering the period April 2016 to December 2016 <p>Further work planned:</p> <ul style="list-style-type: none"> • Completion of our substantive testing of employees for accuracy of payment and the agreement of employee remuneration disclosures to supporting documentation • Review of the year end payroll reconciliation to ensure that information from the payroll system can be agreed to the ledger and the financial statements • Review of monthly trend analysis of employee costs from January 2017 to March 2017 to identify any unusual or irregular movements

Other risks identified (continued)

Other risks	Description of risk	Audit procedures
Fire Pensions Benefits Payable	Benefits improperly computed / Claims liability understated	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Documentation of the processes and controls in place around the accounting for Fire Fighters Pensions • Completion of a walkthrough test to confirm the operation of controls is in line with our understanding <p>Further work planned:</p> <ul style="list-style-type: none"> • Agreement of pension disclosures in the financial statements to supporting evidence • Substantively test a sample of Fire Fighter Pension benefit payments covering the period 1 April 2016 to 31 March 2017 to ensure that they have been accurately accounted for and in the correct period
Changes to the presentation of local authority financial statements	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • Documentation and evaluation of the process for the recording the required financial reporting changes to the 2016/17 financial statements. • Review of the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. • Review of the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). • Testing of the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. • Testing of the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. • Testing of the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. • Review of the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.

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"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

Other risks identified (continued)

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Investments
- Cash and cash equivalents
- Trade and other receivables
- Borrowings and other liabilities (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- New note disclosures
- Officers' remuneration note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note

Value for Money

Background

The Code requires us to consider whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> Acting in the public interest, through demonstrating and applying the principles and values of sound governance Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management Reliable and timely financial reporting that supports the delivery of strategic priorities Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions Managing and utilising assets effectively to support the delivery of strategic priorities Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> Working with third parties effectively to deliver strategic priorities Commissioning services effectively to support the delivery of strategic priorities Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Authority, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified significant risks which we are required to communicate to you. These are set out overleaf.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements.

Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p>Medium Term Financial Planning The Authority continues to face financial pressures with further cuts being made in central government funding. The settlement covering the four years 2016/17 to 2019/20 totalled a 25% grant cut.</p>	<p>This links to the Authority's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>	<p>We will review the Authority's latest Medium Term Financial Plan, the Efficiency Plan and the 2017/18 budget, considering the robustness of the assumptions that underpin the figures within them. We will also review the 2016/17 outturn position against the budget.</p>
<p>Collaborate Partnership The Authority are progressing with opportunities to collaborate with the Strategic Alliance of Dorset Police and Devon & Cornwall Police.</p>	<p>This links to the Authority's arrangements for working effectively with third parties to deliver strategic priorities, managing risks effectively and maintaining a sound system of internal control.</p>	<p>We will review the arrangements the Authority are putting into place for collaborative working under the Strategic Alliance.</p>

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Authority
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
 - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Authority, copied to the Secretary of State

We certify completion of our audit.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Authority's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Authority and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.</p>
Walkthrough testing	<p>We have completed walkthrough tests of the Authority's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Authority in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>

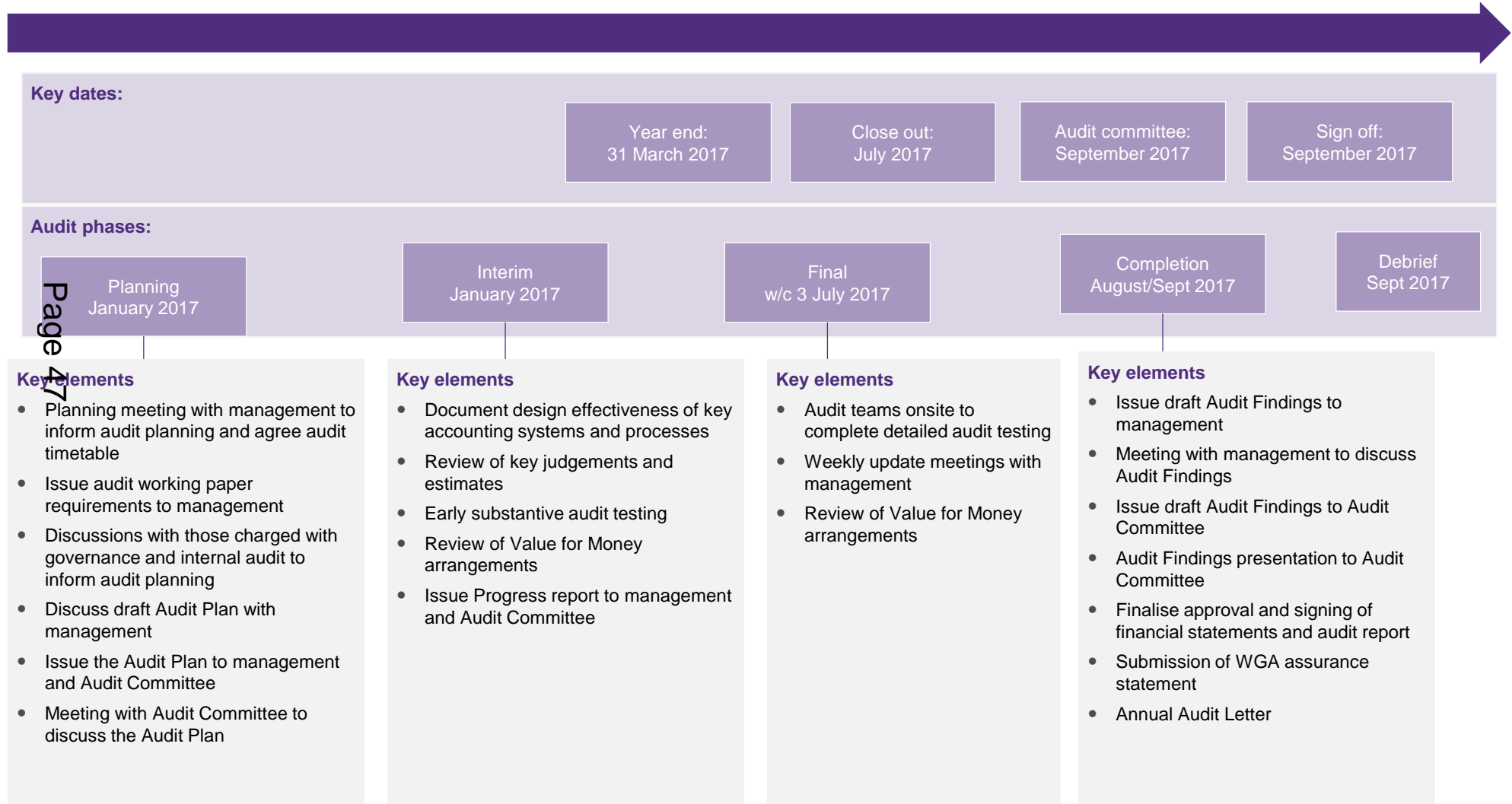
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Results of interim audit work (continued)

	Work performed	Conclusion
Journal entry controls	<p>We have reviewed the Authority's journal entry policies and procedures as part of determining our journal entry testing strategy. We have identified two weaknesses in the control environment:</p> <ul style="list-style-type: none"> • Arrangements at the time of audit allowed journals to be posted into the prior year. This is not best practice and we understand that this function was made unavailable from January 2017. • Good practice suggests that all journals should be authorised by a second person. <p>To date we have undertaken detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting 'unusual' entries for further review. No issues have been identified that we wish to highlight for your attention</p>	<p>Our work to date has identified two control weaknesses as highlighted. We will complete our detailed testing on journal transactions recorded for the remaining months of the financial year as part of our financial statements audit.</p> <p>We have made two recommendations in relation to journal controls which are set out in the action plan on Appendix 1.</p>
Early substantive testing	<p>We have undertaken early substantive testing of employee remuneration, operating expenses, and property, plant and equipment</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>

The audit cycle

The audit timeline



Audit Fees

Fees

	£
Fire Authority audit	33,820
Total audit fees (excluding VAT)	33,820

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the Authority in accordance with the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Authority and its activities, have not changed significantly
- The Authority will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes, and identifying potential risks, opportunities and savings
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Audit and Performance Review Committee Progress Reports

Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Devon and Somerset Fire and Rescue Authority. The following audit related and non-audit services were identified for the Authority for 2016/17:

Page 19 Fees for other services

Service	Fees £	Planned outputs
Audit related	0	
Non-audit related		
Employment tax advice	650	Report to Authority officers
Forensic investigation	4,890	Email report to lead investigator

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

The above services are consistent with the Authority's policy on the allotment of non-audit work to your auditors.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Authority.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Authority's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Appendix 1: Action plan

Priority

High - Significant effect on control system

Medium - Effect on control system

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1 Page 51	The Authority should strengthen its internal controls by introducing a process to review journals.	High	Our finance system has the capability to workflow journals through an approval process and we will look to implement.	September 2017 – Head of Finance
			As an interim solution, significant journals will be reviewed for appropriateness by finance managers and retrospectively approved.	April 2017
2	The ability to post journals to the previous year should be removed.	Medium	This has now been actioned.	March 2017



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11 April 2017

Dear Kevin

Planned audit fee for 2017/18

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies, and will make auditor appointments and set fees for bodies that have opted into the national auditor appointment scheme it is developing.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for local government audited bodies for 2017/18, following the recent CIPFA/LASAAC announcement that their planned introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities in 2017/18 will no longer proceed. PSAA have therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The Authority's scale fee for 2017/18 has been set by PSAA at £33,820.

The audit planning process for 2017/18, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and

guidance for auditors from April 2015. Audits of the accounts for 2017/18 will be undertaken under this Code, on the basis of the [2017/18 work-programme and scales of fees](#) set out on the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return.

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2017	8,455
December 2017	8,455
March 2018	8,455
June 2018	8,455
Total	33,820

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2017 to February 2018. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion, along with the work on the whole of government accounts return, will be completed in July 2018.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2017 – February 2018	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Authority's accounts and VfM.
Final accounts audit	June to July 2018	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to July 2018	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2018	Assurance statement on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2018	Annual audit letter to the Authority	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2017/18 are:

	Name	Phone Number	E-mail
Engagement Lead	Peter Barber	0117 305 7897	peter.a.barber@uk.gt.com
Engagement Manager	Mark Bartlett	0117 305 7896	mark.bartlett@uk.gt.com
In Charge Auditor	Aditi Chandramouli	0117 305 7643	aditi.chandramouli@uk.gt.com

Additional work

The scale fee excludes any work requested by the Authority that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Authority.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner, via jon.roberts@uk.gt.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Barber', is written over a horizontal line.

Peter Barber

Associate Director and Engagement Lead
For Grant Thornton UK LLP

Agenda Item 7

REPORT REFERENCE NO.	APRC/17/6
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	24 APRIL 2016
SUBJECT OF REPORT	2016-17 INTERNAL AUDIT YEAR END REPORT
LEAD OFFICER	AREA MANAGER – ORGANISATIONAL ASSURANCE
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>Attached for consideration and discussion is the 2016-17 Internal Audit Year End Report.</p> <p>The 2016-17 Year End report combines the work of the DSFRS Audit & Review Team and the Devon Audit Partnership to provide one comprehensive Internal Audit report.</p> <p>The report details the progress against the approved 2016-17 Internal Audit Plan and provides assurance statements for the audits completed.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	<p>Audit & Review 2016-17 Plan</p> <p>Audit & Review Service Policy</p>

1. **INTRODUCTION**

- 1.1 The 2016/17 Internal Audit Plan was approved by this Committee at its meeting held on the 11 April 2016. The Plan sets out the combined scope of internal audit work to be completed by the Audit & Review Team and the Devon Audit Partnership.
- 1.2 The Audit & Review Team and the Devon Audit Partnership are accountable for the delivery of the Plan and the policy includes the requirement to report progress to this Committee at least three times per year.
- 1.3 All Internal Audit reports, Plans and Service Policy are available on the intranet and can be accessed using the following link:
<http://intranet/Departments/SPRD/RiskandReview.asp>
- 1.4 The key objective of this report is to provide the Audit and Performance Review Committee with an end of year report against the plan.

2. **ASSURANCE STATEMENTS**

- 2.1 One of the key roles of Internal Audit is to provide independent assurance as to how effectively risks are managed across the organisation.
- 2.2 The following assurance statements have been developed to evaluate and report audit conclusions:

★★★★ High Standard

The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. Only minor recommendations aimed at further enhancing already sound procedures.

★★★ Good Standard

The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

★★ Improvements Required

In the opinion of the Audit & Review Team/Devon Audit Partnership there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.

★ Fundamental Weakness Identified

The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and/or resources of the Authority may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

3. **PROGRESS AGAINST THE 2016-17 PLAN**

3.1 **Strategic Reviews**

Audit Area	Progress / Assurance
2015-16 Annual Statement of Assurance	The 2015-16 Annual Statement of Assurance was signed off and published alongside the Authority's Statement of Accounts in September 2016.
EFQM – Excellence Model	The Audit & Review Team successfully oversaw the DSFRS Committed to Excellence (C2E) Organisational Assessment.

3.2 **Key Financial Audit Work**

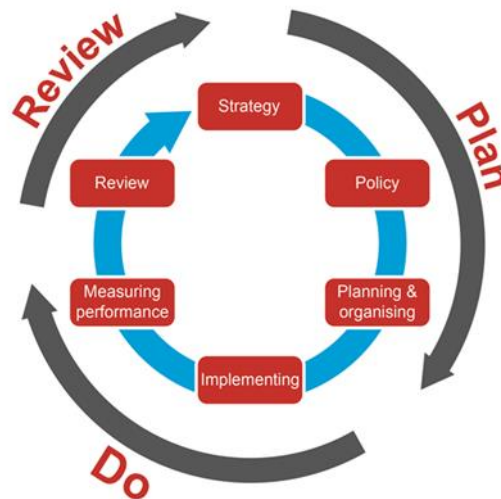
Audit Area	Progress / Assurance
Budgetary Management	Final Report issued – High Standard The Devon Audit Partnership completed a review of the budgetary control systems and processes.
Payroll	Draft Report issued – High Standard The Devon Audit Partnership completed a review of the administration by DSFRS of payroll. Since 2012 the payroll services has been provided by HR One (Devon County Council.)
Pensions	Draft Report issued – Good Standard The Devon Audit Partnership completed a review of the administration of the Fire Fighters Pension Scheme was carried out during February 2017.

Compliance Reviews	Progress / Assurance
Assurance Tracking Process	The 2016-17 internal audit plan assigned 13 days to the assurance tracking process. This was based upon incorporating additional assurance areas and agreed recommendations into the assurance tracking process that a single source of tracking for multiple assessments such as Annual Statement of Assurance, EFQM and Operational Assurance. The Audit & Review Team provide monthly reports to SLT on audit recommendations.

3.3 **Control Self-Assessment Framework**

3.4 The majority of the 2016-17 Internal Audit Plan was assigned to the development and roll out of an organisational Control Self-Assessment Framework.

3.5 The Audit & Review Team are pleased to report that the Organisational Control Self-Assessment Framework and supporting self-assessment tool have now been designed and rolled out.



3.6 The framework has been aligned to the principals of the EFQM Excellence Model, the HSG65 model and importantly the organisations own Plan, Do, Review Model. The framework has been designed to support managers embed a consistent control framework within their service area. Department plans for 2017/2018, have been updated with actions where areas of improved were identified.

3.7 The Audit & Review Team is pleased to report that all audits have progressed to final report stage, apart from one audit which is at draft report stage, by the end of the current financial year.

4. **ADDITIONAL WORK COMPLETED**

4.1 The Audit & Review Team and the Devon Audit Partnership have also completed the following additional pieces of review work:

Audit Area	Progress / Assurance
National Framework Compliance Review	<p>Good Standard</p> <p>To support the production of the Annual Statement of Assurance, a review of DSFRS compliance with the Fire and rescue national framework for England was completed.</p>

Audit Area	Progress / Assurance
Fire Reform Agenda Review	Good Standard A review of the DSFRS position against the Fire Reform Agenda has been completed.
PFCSO Pilot	Good Standard The Audit & Review Team have provided assurance / analytical support to the PFCSO Pilot. This has included a collaborative review with Devon and Cornwall Police.
Gartan Override System	Improvements Required The Audit & Review Team have completed a review of the controls underpinning the Gartan Override System.
DSFRS / Safe South West Charity Governance Review	Improvements Required The Devon Audit Partnership have completed a review of the governance arrangements underpinning the relationship between DSFRS and Safe South West.
RDS Crewing Pilots	The Audit & Review Team have provided assurance / analytical support to the RDS Crewing Pilot initiatives.
Academy Assurance	The Audit & Review Team have supported the Training Academy to develop its QA processes. This has included the design of the Training School Self-Assessment process that aligns to the Organisational Self-Assessment process.
HR Investigation	The Audit & Review Team have supported the HR Team with an internal investigation.
Nation Fraud Initiative (NFI)	The Audit & Review Team have co-ordinated the submission of data to the Home Office. The resulting data match reports are now under review.

4.2 All issues resulting from the Internal Audit work have been discussed with the Lead Officers and the Audit & Review Team is pleased to report that suitable action plans have been agreed to improve the management of the risks identified. Action plans have been added to the assurance tracker.

5. AUDIT & REVIEW RECOMMENDATIONS

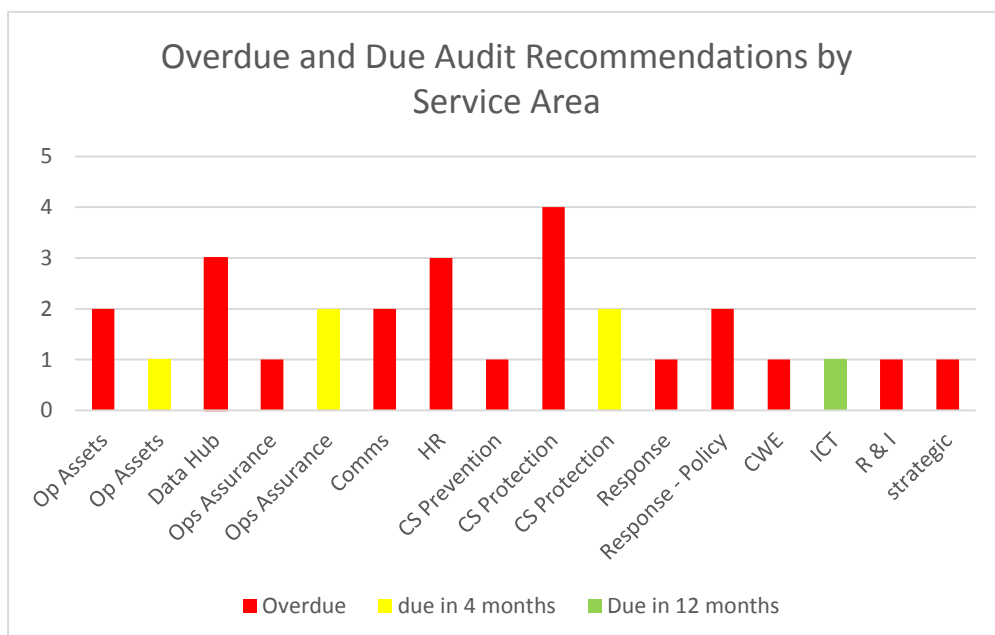
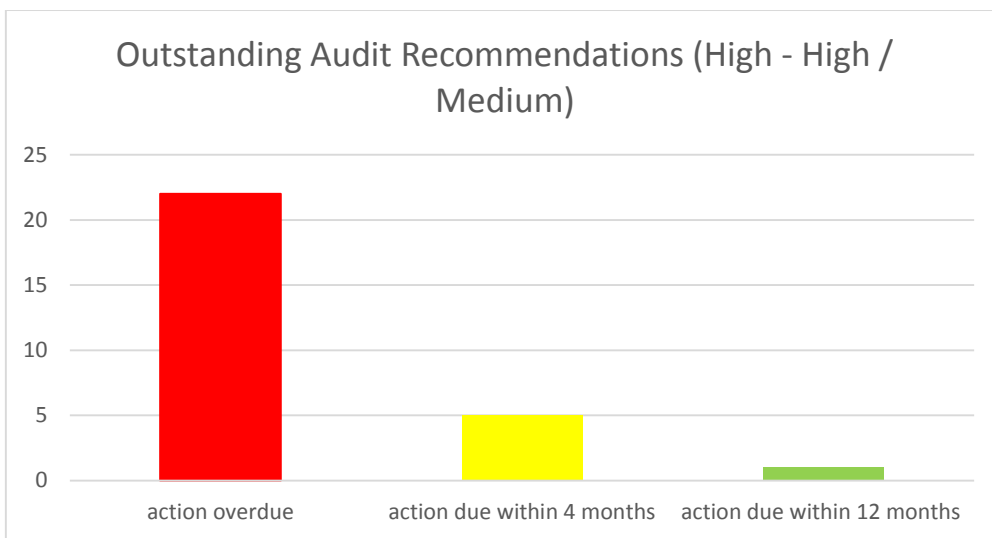
5.1 The Audit & Review Team has designed and rolled out an Assurance Tracking system for managing all recommendations and agreed actions coming out of key assurance activities. The system tracks recommendations at the following assurance levels:

- External Audit
- Annual Statement of Assurance
- Internal Audit (Audit & Review and Devon Audit Partnership)

- Operational Assurance
- EFQM

From April 2017 the assurance tracker will include recommendations from IT audits and assurance activities.

- 5.2 The Assurance Tracker has been made available to all employees through the Service Information Point (SIP).
- 5.3 A quarterly update procedure has been embedded that sees the export and distribution of outstanding recommendations to service managers to provide an update.
- 5.4 As at March 2016, the Assurance Tracker has 28 open 'High' or 'High / Medium' Internal Audit recommendations (including the actions recorded on the Annual Statement of Assurance) as illustrated below. –



6.

KEY AUDIT FINDINGS IN PERIOD**STRATEGIC REVIEWS**

Audit Title	Audit Summary Position
National Framework Compliance Review	The Audit & Review Team are pleased to report that there is sufficient evidence in place to demonstrate how DSFRS complies with the priorities recorded in the national framework document.
Fire Reform Agenda Review	The Audit & Review Team are pleased to report that there is sufficient evidence in place to demonstrate how DSFRS has in place and is further developing the expectations set out in the previous Home Secretary's speech on Fire Reform.
EFQM – Excellence Model	DSFRS were awarded with C2E 2* (the highest award for this level of assessment). The areas for organisational improvement identified in the C2E assessment have been captured on the DSFRS Assurance Tracker. This will enable them to be included in the quarterly monitoring process.
PFCSO Pilot	The PFCSO Pilot has continued to operate well and is delivering the expected outcomes. PFCSOs are providing key availability to the fire service whilst undertaking police duties and the pilot is evidence that PCSO candidates have the right skills and attitude to undertake this role.
DSFRS / Safe South West Charity Governance Review	The Audit identified the need to re-recognise the independence of SAFE from DSFRS. It was recommended that SAFE should (be asked to) prepare a business plan, setting out what is aims to achieve, how it will do this and what resources it will need to achieve this and that the DSFRS Community Safety Team prepare a departmental plan setting out Fire Service direction. Decisions were also required on the future arrangements for the Charity Coordinator Post.

COMPLIANCE REVIEWS

Audit Title	Audit Summary Position
Budgetary Management	The risks associated with the budgetary control systems and processes of the Fire Service were found to be well controlled. The budget holders are responsible for the budget setting and subsequent monitoring with challenge and support being provided by the Executive Board and the Finance Team.
Payroll	The risks associated with the administration of the payroll process and system included changes, payment variations and segregation of duties were well controlled. The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. Minor recommendations made which are aimed at further enhancing already sound procedures.

Audit Title	Audit Summary Position
Pensions	<p>Risks associated with the administration of the Fire Fighters Pension Scheme was carried out during February 2017.</p> <p>The objective of the review is to ensure the Fire Fighters Pension Scheme is being administered in accordance in the Pension Regulations. The review covered the 1992, 2006 & 2015 schemes but excluded the non-uniformed personnel (LPGS) and the 2006 modified scheme for retained fire fighters. D&SFRA requested that the audit focusses mainly on the 1992 Scheme, due to the number of retirements ongoing and due over the coming months, and therefore presents a higher risk.</p>
Gartan Override System	<p>The Gartan Override system enables station officers to override individual competencies to allow the station to remain on the run. While there can be good reason for applying the override, this process need to be closely controlled to manage the associated risk.</p> <p>Operational Resource Centre team review all uses of Gartan Skills Overrides to ensure they are appropriate and safe. System changes have been agreed and development time is to be confirmed.</p>

- 6.1 All issues resulting from the Internal Audit work have been discussed with the Lead Officers and the Audit & Review Team is pleased to report that suitable action plans have been agreed to improve the management of the risks identified.

CONCLUSION & RECOMMENDATIONS

- 7.1 Based on the work completed and knowledge from previous years, the systems in operation within Devon & Somerset Fire & Rescue Service demonstrate a good level of internal control.
- 7.2 Budget pressures are causing many Public Sector Organisations to review operational and administrative practice and staffing levels. This inevitably has an impact on internal control arrangements and we would urge the Service to consult with us to assess the internal control and risk management implications of any proposed changes.
- 7.3 The Audit and Review Team would like to use this report to thank all staff who have worked with us in delivering the audit programme and the willingness to positively engage in the audit process.
- 7.4 It is recommended that the report be noted.

GAVIN ELLIS
Area Manager – Organisational Assurance

Agenda Item 8

REPORT REFERENCE NO.	APRC/17/7
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	24 APRIL 2017
SUBJECT OF REPORT	2017-18 INTERNAL AUDIT PLAN
LEAD OFFICER	AREA MANAGER – ORGANISATIONAL ASSURANCE
RECOMMENDATIONS	<i>That the 2017-18 Internal Audit Plan as appended to this report be approved.</i>
EXECUTIVE SUMMARY	<p>Attached for consideration and discussion is the proposed 2017-18 Internal Audit Plan.</p> <p>It is proposed in 2017/18 that there are limited topics assigned for internal audits. This is due to the current vacancy for an Internal Audit & Review Manager. The internal audit plan is to be enhanced in 2017/18 for the first time with independent Information Technology audits and the findings will be reported to the Committee quarterly.</p> <p>Additionally, the Devon Audit Partnership (DAP) is interested in how an independent opinion on auditing will be delivered throughout the year. The Service is addressing this with an ICT audit and health checks being included in the 2017/18 proposal and all recommendations will be added to the assurance tracker and monitored via the Service Leadership Team (SLT) risk report on a monthly basis.</p>
RESOURCE IMPLICATIONS	The internal audit plan will be delivered within existing resources.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	The contents of this report are considered compatible with existing human rights and equalities legislation.
APPENDICES	A. 2017-18 Internal Audit Plan
LIST OF BACKGROUND PAPERS	<p>A. Audit & Review Service Policy</p> <p>B. Public Sector Internal Audit Standards (PSIAS)</p>

2017-18 Audit Plan	
Audit & Review Days including ICT assurance	293
Devon Audit Partnership (DAP) days	32
Evolve - IT Health Check	5
Data Protection / GDPR	15
Total Days (Audit & Review and DAP Sub Total)	345
Strategic Reviews	
Annual Statement of Assurance	5
EFQM - Excellence Model	20
Peer Review	20
RMADS / Code of Connection	20
NFSP IT	15
ISO 27001 alignment	20
Total	100
Compliance Reviews	
Key Financial Systems (DAP)	32
ESN compliance	10
Data Protection / GDPR	15
Total	57
Audit Health Checks	
Control Self-Assessment Framework	90
Risk based audits - TBC	83
IT Health Check (Evolve)	15
Total	188

Agenda Item 9

REPORT REFERENCE NO.	APRC/17/8
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	24 APRIL 2017
SUBJECT OF REPORT	FIRE AND RESCUE INDEMNITY COMPANY LIMITED
LEAD OFFICER	RISK & INSURANCE MANAGER
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	The Fire & Rescue Indemnity Company (FRIC), the mutual protection provider, set up and run by nine Fire and Rescue Authorities, has completed its first year of operations culminating in a reported surplus of £471k and being shortlisted for the Public Finance Innovation Awards 2017 in the Alternative Service Delivery Model category.
RESOURCE IMPLICATIONS	None.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	The contents of this report are considered compatible with existing human rights and equalities legislation.
APPENDICES	None.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

- 1.1 Fire and Rescue Indemnity Company Limited (FRIC) was set up to provide an alternative to traditional insurance and give member fire and rescue authorities greater control over the cover provided and the management and settlement of claims. FRIC commenced operations on 1 November 2015 providing motor, property and casualty protection to Fire and Rescue Authorities. In February 2017, the Board of the FRIC approved the final accounts for the first year's activity and has reported a trading surplus of £471k, well above initial expectations.
- 1.2 This performance is due primarily to lower than expected claims experience, which is at the lower range of the scenarios predicted. FRIC, via its risk management group, the Fire & Rescue Risk Group (FARRG), uses the extensive claims management information available from its bespoke claims portal, to analyse and review the causes of claims and develop additional controls to help prevent future claims events. Sharing best practice and learning together from past incidents helps all member authorities to improve their risk management and contribute to the reducing claims experience, and thereby lower costs to FRIC.
- 1.3 Another contributing factor has been a drive to improve motor claims reporting times, enabling early third party capture for "at fault" claims. Early evidence suggests that third party costs can be as much as two thirds lower if contact is made with third party claimants quickly and claims handled by the mutual rather than third party insurers. The claims portal provides real time claims data, information on the progress of individual claims and a single source of documentation related to each claim.
- 1.4 FRIC demonstrates what can be achieved when fire authorities collaborate in an innovative and mutually beneficial manners. This is money that would otherwise have gone out of the public sector, instead it is retained to support further improvements and drive better risk management and ultimately, deliver lower costs for FRIC's members.

2. NEXT STEPS

- 2.1 Providing an exceptional Member experience is a key objective of FRIC and feedback at the end of the first underwriting year for all aspects of service delivery has been very positive. Being shortlisted in the best Alternative Service Delivery Model category of the Public Finance Innovation Awards 2017, is the icing on the cake and FRIC's second independent recognition, having received a "Highly Commended" in the Partnership category of the 2016 Alarm Risk Awards.
- 2.2 FRIC is keen to welcome new members that wish to share the benefits of mutuality and a continuous improvement culture. To aid transition the Mutual aims to offer cost neutral protection for the first two years to enable new members to establish their own risk profile and develop their own risk controls in line with other members. Thereafter, contributions are based on risk and claims performance, with members sharing in the financial benefits from each company, there is no need for Fire Authorities to undertake a tender process to join, and membership can start on the expiry of existing arrangements. All members have an equal say in the management and control of the company and nominate Directors. Member benefits include fire service specific protection wording; extensive fire service expertise, dedicated claims support and an on-line claims portal and extensive claims management information.

SUE NUGENT
Risk & Insurance Manager

REPORT REFERENCE NO.	APRC/17/9
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	24 APRIL 2017
SUBJECT OF REPORT	GROUP ACCOUNTS FOR DEVON & SOMERSET FIRE & RESCUE AUTHORITY AND RED ONE LTD.
LEAD OFFICER	Treasurer
RECOMMENDATIONS	<i>That the accounts of Red One Limited are not consolidated in to Group accounts for the 2016/17 financial year.</i>
EXECUTIVE SUMMARY	Under the CIPFA Code of Practice, the Authority can take a view on materiality when preparing group accounts. Following discussion with our external auditors, Grant Thornton, it is the Treasurer's view that the activities of Red One Ltd are not material to the Authority's Statement of Accounts and therefore it is recommended that the accounts are not consolidated.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	Not applicable
APPENDICES	None.
LIST OF BACKGROUND PAPERS	None.

1 **BACKGROUND**

- 1.1 At its meeting on 11 April 2016, the Committee considered a report relating to Group Accounts in which the Treasurer advised that, as (following discussion with Grant Thornton – the Authority’s external auditor) the activities of Red One Ltd. were not deemed material to the Authority’s Statement of Accounts, the accounts for Red One Ltd. need not be consolidated into Group Accounts for the Authority. This approach was subsequently approved for the 2015-16 financial year (Minute *APRC/33 refers).
- 1.2 In 2011, the Authority agreed to the creation of Red One Ltd to trade commercially, in accordance with relevant legislation, with a view of generating income for the Authority. The Authority is the single shareholder in the Company.
- 1.3 The Resources Committee (prior to this, the Commercial Services Committee until that Committee was decommissioned on 19 February 2016) receives quarterly reports on the financial performance Red One Ltd. The Annual Accounts of Red One Ltd. are prepared and submitted to the Board of Directors of Red One.
- 1.4 This Committee has delegated power to approve, amongst other things, this Authority’s Annual Statement of Accounts for and associated Annual Statement of Assurance. Due to the fact the turnover for Red One Ltd is immaterial in relation to the Authority, the two Statements are produced separately. There is a note within the Authority’s Accounts mentioning Red One Ltd and the relationship of the Company to the Authority.

2 **GROUP ACCOUNTING**

- 2.1 From a commercial perspective, the Statement of Accounts for the Authority would reflect the ‘Group Position’ i.e. statements showing the performance of the two entities together. A definition of Group Accounts is:
- “Accounts showing the trading results and financial position of each company in a group individually or in combined form”. (F.T.com).*
- 2.2 The Authority has agreement from its external auditors, Grant Thornton, that it will not be required to produce Group Accounts until Red One has a deciding interest over the Authority; where the financial or operational circumstances of Red One would have a significant impact upon the financial or operational performance of the Authority. The external auditors are happy with this approach on the understanding that the Committee responsible for the approval of the Authority accounts (i.e. this Committee) is aware of the issue and agrees with the proposed stance.
- 2.3 This approach will not only save time and effort producing the Statement of Accounts on behalf of the Authority, but will also safeguard the commercial integrity of Red One Limited. The Committee is, as such, asked to approve excluding the production of Group Accounts within the Authority’s Statement of Accounts for the 2016-17 financial year.

KEVIN WOODWARD
Treasurer

REPORT REFERENCE NO.	APRC/17/10
MEETING	AUDIT AND PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	24 APRIL 2017
SUBJECT OF REPORT	DEVON AND SOMERSET FIRE AND RESCUE SERVICE PERFORMANCE REPORT: JANUARY TO DECEMBER 2016
LEAD OFFICER	CFO Lee Howell
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>Attached at Appendix A for consideration and discussion is the Devon & Somerset Fire & Rescue Authority Performance Report for the reporting period of January 2016 to December 2016 (focus Quarter 3, 2016).</p> <p>In the report we use green to represent normal performance, amber to represent performance which may require monitoring and red to represent performance which needs investigation.</p> <p>The key messages within the report are also given green, amber and red ratings which are established through assessing the different types of analysis i.e. performance vs previous year, performance vs previous quarter, trends and performance against normal variation. This method gives a more rounded picture of performance and directs focus more effectively on emerging issues.</p> <p>Commentary is provided direct from those leading on improving performance for areas outlined in the key messages to provide context.</p>
RESOURCE IMPLICATIONS	None
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	None
APPENDICES	A. Devon & Somerset Fire & Rescue Authority Performance Report for the reporting period of January 2016 – December 2016.
LIST OF BACKGROUND PAPERS	Devon and Somerset Fire and Rescue Authority Corporate Plan 2013/14 – 2014/15

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Performance Report

Audit and Performance Review
Committee: Quarter 3 - 2016



About this report

In this performance report for Devon & Somerset Fire & Rescue Service we examine the dataset for the full year January 2016 - December 2016.

The report will focus on performance against the three service priorities; Public Safety, Staff Safety and Efficiency and Effectiveness.

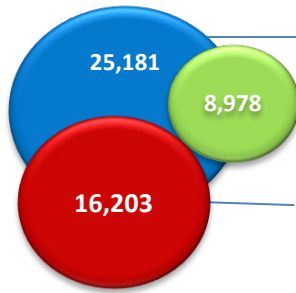
Contents

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Executive Summary

Priority: Public Safety - Response



Emergency Calls Handled - in the 12 month period from Jan-16 to Dec-16 Devon and Somerset Fire and Rescue Service handled 25,181 emergency calls in the DSFRS area

Emergency Calls Not Attended - of these calls 8,978 (36%) did not result in attendance at an incident. For example, a call may be challenged if it is thought to be malicious or a response may be stood down as it is no longer deemed necessary.

Emergency Calls Attended - of these calls 16,203 (64%) resulted in attendance at an incident.

The information below gives some context around emergency response activities.



Incidents Attended - Fires

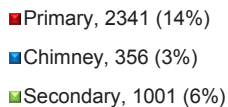


Fire incidents are broken down into three high level categories:

Primary fires include all fires in non-derelict buildings (excluding where confined to a chimney), outdoor structures, non-abandoned vehicles or any fire involving death, injury, rescue or more than five appliances.

Secondary fires include the majority of outdoor fires such as grassland or refuse (unless involving death, injury or rescue), derelict buildings and abandoned vehicles.

Chimney fires include all fires in chimneys that did not extend beyond the chimney itself.



Incidents Attended - Special Service

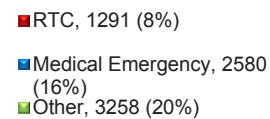


Special service incidents are broken down into three high level categories:

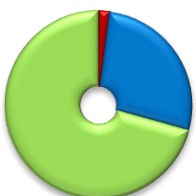
Road Traffic Collisions (RTCs) include all collisions attended by DSFRS which did not result in a fire. DSFRS does not attend all RTC incidents and figures only represent those which were attended by the Service.

Medical emergencies include **Co-responder incidents** for which DSFRS provide first response on behalf of the South West Ambulance Service Trust (SWAST). There are 19 co-responder stations in DSFRS which use specialist vehicles and equipment. NB due to the Control Room changes in April 2016 these incidents are recorded differently

Other incidents include flooding, rescue from height / confined space, animal rescue



Incidents Attended - False Alarms

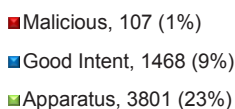


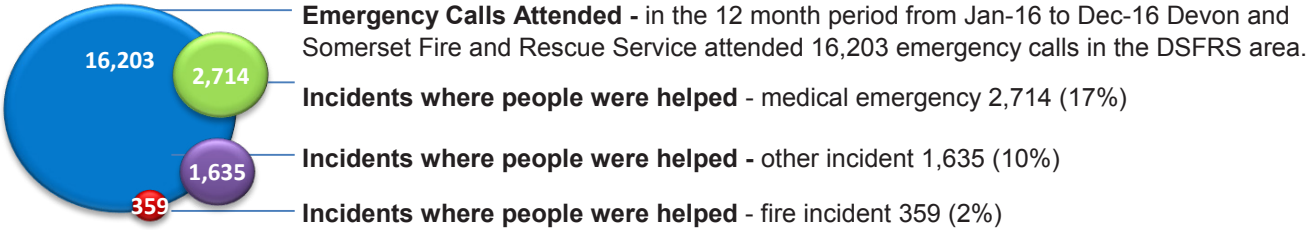
False alarm incidents are broken down into three high level categories:

Malicious False Alarms (MFAs) are calls made with the intention of getting the Service to respond to a non-existent incident.

False Alarm Good Intent (FAGIs) are calls made in the belief that the Service would attend an emergency incident. For example, smoke in the distance may be a bonfire that is under control.

Automatic Fire Alarm (AFAs) are calls initiated by fire alarm or fire-fighting equipment operating, this includes accidental initiation of alarm equipment.





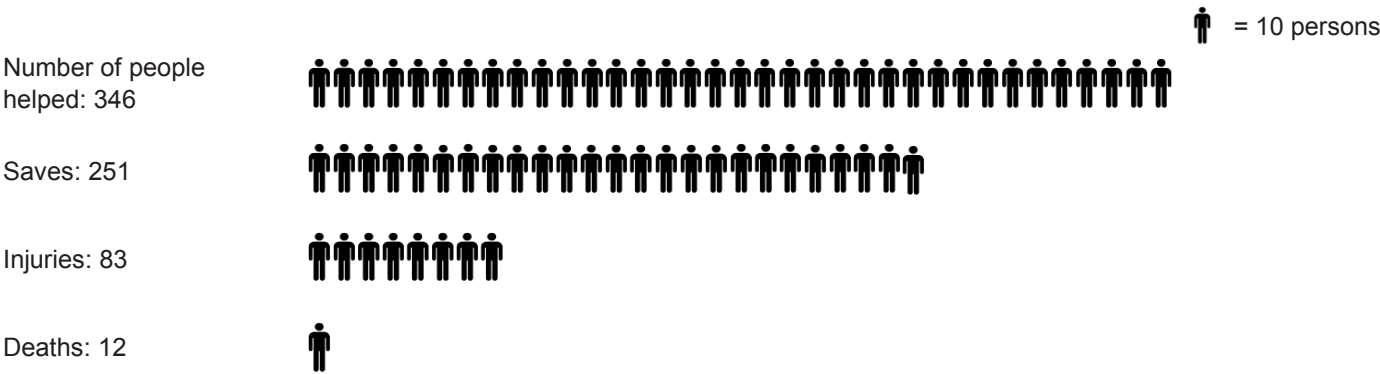
The information below gives some context around the number of people the Service directly helps at emergencies by incident type.

Fire Related Saves, Injuries and Deaths

How often does the Service have to help people at fire incidents?



What happened to those who needed help at the 359 fire incidents?



What is the Service doing to reduce fire incidents, injuries and deaths?

Prevention Activities

In quarter 3 2016 the Service conducted more than 2700 targeted Home Safety Visits (this figure includes ‘Level 2 Home Fire Safety Visits’, ‘Replacement Alarm Visits’, ‘Level 1 Home Fire Safety Visits’ and ‘Level 1 Home Fire Safety Checks’, but excludes ‘Home Safety Follow-up Visits’) to those identified as having the most to benefit from our expert guidance and support. We work closely with our colleagues in other agencies and third sector organisations to build partnerships that enable us to ensure that our resources are used to provide maximum benefit to the community.

We engage with our communities in a variety of ways including educating children and young people through schools talks and structured programmes such as Fire Cadets, Phoenix and FireSetters. In addition to the Home Safety Visit activities between October 2015 and December 2016 the Service undertook over 1300 preventative activities to improve public safety (this figure comprises all Prevention Activities except those relating to Home Safety Visits).

Protection Activities

DSFRS has a statutory obligation to ensure that non-domestic premises and public events are compliant with fire safety regulations. Between October 2016 and December 2016 the Service conducted over 450 fire safety checks, over 130 fire safety audits and over 1200 other protection activities to ensure public safety.

The communities we serve and our role within them

Devon & Somerset Fire & Rescue Service is the largest non-metropolitan fire and rescue service in England. We provide prevention, protection and response services across the counties of Devon and Somerset (including Torbay and Plymouth), an area of over 10,000 sq km.

We have 85 fire stations, the second largest number in England and 1,983 staff who work to protect the 1.7 million people who live in our service area. This alongside the additional 400,000 people who visit this wonderful part of the country every year.



Making our communities safer is not just about responding to emergencies. The Service undertakes a variety of proactive activities to reduce the risk to our communities in order to prevent them from being in a situation where they require an emergency response.

Our community safety prevention activities are designed to educate the public to make them safer. There are a range of initiatives delivered by the Service and are targeted towards those in our community who will benefit most from our support. These include Home Safety Visits, Road Traffic Collision (RTC) programmes such as The Honest Truth and Schools Visits.

Understanding our communities is key to enabling our prevention activities to be targeted effectively and the Service works with partner agencies and third sector organisations to ensure that our resources are directed to the places where they are needed most.

Our community safety protection activities are designed to ensure that businesses and events comply with the legislation outlined in the Regulators Code (2015). This includes fire safety checks and audits of commercial premises, building regulation consultations and enforcement activities.

Understanding this report

In this performance report for Devon & Somerset Fire & Rescue Service we examine the dataset for the most recent 12 months.

The report is structured around the three service priorities; Public Safety, Staff Safety and Efficiency and Effectiveness and will primarily focus on corporate performance measures 1 to 8 and Sickness.

However, additional information has been incorporated to give context around the activities undertaken by the Service. This information can be found in the Executive Summary and as supplementary data within the statistics sections of the report.

The key messages identified within the report will be delivered through the commentary sections of the report.

What will the report show?

The Service is changing the way that it monitors and manages performance to use a more rounded analysis of data to trigger steps to investigate and prevent escalation of emerging risks.

In previous reports the focus has been solely on performance against previous year and trend analysis. While this is interesting and can provide some useful data what we really need to know is whether the changes we are seeing are 'normal'.

In order to understand this we can apply analytical techniques to calculate thresholds which allow us to understand if performance is within normal levels, requires monitoring or requires immediate investigation.

In this report we combine the three methods of analysis to build a rounded picture of performance. Notable performance will be presented in the Executive Summary, with data tables available in the Corporate and Non-Corporate Performance Measure section of the report. An example can be seen below.

Measure 3: fires where people live

Measure breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected															
			1	3	5	Jul-14						June-15									
All fires	258 (-4%)	1000 (-2%)	↑	↓	↓	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

- 1 Latest 3 months of reporting period (e.g. Apr-15 to Jun-15) and percentage change compared to previous 3 months (e.g. Jan-15 to Mar-15).
- 2 Latest 12 months of reporting period (e.g. Jul-14 to Jun-15) and percentage change compared to previous 12 months (e.g. Jul-13 to Jun-14).
- 3 Trends covering all months for 1 year (12 months), 3 years (36 months) and 5 years (60 months).
- 4 Performance against calculated threshold by month i.e. Green = Normal, Yellow = Monitor, Red = Action

In some instances you will also see the term Critical to Quality, this is where the Service will need to take action at a point before the triggers highlighted above in point number four. For example, any death will require further investigation from the Service so section four will turn amber if a death is recorded and red if figures reach action levels according to the calculated threshold.

DSFRS performance against the 8 primary measures and sickness for Q3 2016/17 is variable showing a combination of both falling and improving performance over the short term (3 monthly measure).

Unfortunately there were a number of fire related deaths in the quarter which shows a fall in performance against the previous quarter, however the trend against the 12 month measure is improving.

Similarly the occurrence of fires where people live has increased and the long term trend is also up. The Service has recently supported the roll out of a revised Home Fire Safety Visit process to promote an exponential increase in the number of visits made with specific targeting of those households most at risk. Evaluation of the pilot process carried out indicates that this will help to address this performance issue.

On a positive note the number of injuries due to fires has decreased overall and long term trends are also down, indicating that when fires do occur people are heeding our advice and not placing themselves at risk.

Emergency response standards continue to be variable which is reflective of the normal issues affecting a predominantly rural and on call service. Ongoing performance management of availability will support improvement in this area.

Finally it is pleasing to report that sickness rates have dropped in this quarter with longer term trends also showing an improvement.

Notable Incidents in Q3 2016/17

Friday 28th October 2016 – Fire at Cathedral Yard, Exeter

The incident in Cathedral Yard has been described as the largest fire in Exeter since the Second World War. The fire started in the building at 18 Cathedral Yard in the early hours of Friday 28 October. The Service received the first 999 call at 5.11am. The incident was declared a Major Incident at 5.42am.

At the height of the incident, there were around 150 firefighters actively involved in the firefighting operation. There were around 100 firefighters at the scene for the first three days of the incident around the clock.

Four days into the Cathedral Yard incident the Service was under pressure to allow the reopening of local businesses that had been closed due to the risk of the Royal Clarence collapsing. The East Devon Business Safety Team attended the site from Monday 31st October and worked constantly through to Thursday 4th November with businesses to get them open to the public again. This brought many challenges such as having fire exits opening into cordoned off areas under the control of different authorities and the provision of adequate protection from falling debris should the Royal Clarence collapse.

Marks and Spencer were able to open on the Monday, Tesco opened on the Wednesday and House of Fraser on the Thursday. The Business Safety Team also called in on the smaller businesses in the vicinity to ensure that fire safety measures had not been compromised and that they were safe to reopen. Further damage was identified in one small shop that abuts the Art Gallery where the fire originated.

No one was injured as a result of the incident.

The incident related data that are used in this section of the report are sourced from the Incident Recording System (IRS). The data was sourced on the 17/01/2017.

Measure 1: Deaths as a result of fires where people live

A fire related death is recorded if the cause of death is directly as a result of fire, even if death occurs after the incident. This is a critical to quality measure and will show as amber or red in the "Against Expected" section if a death has occurred.

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected																
			1	3	5	Jan-16											Dec-16					
Deaths - All Fires	4 (1)	8 (12)	↓	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Deaths - Accidental Fires	4 (1)	7 (10)	↓	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Deaths - Deliberate Fires	0 (0)	1 (2)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Measure 2: Injuries as a result of fires where people live

A fire injury is recorded if the cause of injury is directly as a result of fire and required hospital treatment. This includes where an injury has occurred as a result of attempts to escape such as falls resulting in injury.

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected																
			1	3	5	Jan-16											Dec-16					
Injuries - All Fires	13 (15)	55 (91)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Injuries - Accidental Fires	12 (10)	47 (82)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Injuries - Deliberate Fires	1 (5)	8 (9)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Measure 3: Fires where people live

All primary fire incidents occurring at domestic premises (does not include sheltered accommodation, hotels etc).

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected																
			1	3	5	Jan-16											Dec-16					
All Fires	272 (241)	1002 (983)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Accidental Fires	249 (228)	926 (923)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Deliberate Fires	23 (13)	76 (60)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Measure 4: Fire related deaths where people work, visit and in vehicles

A fire related death is recorded if the cause of death is directly as a result of fire, even if death occurs after the incident. This is a critical to quality measure and will show as amber or red in the "Against Expected" section if a death has occurred.

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected																
			1	3	5	Jan-16											Dec-16					
Deaths - All Fires	1 (2)	4 (0)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Deaths - Accidental Fires	1 (2)	3 (0)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Deaths - Deliberate Fires	0 (0)	1 (0)	↑	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Measure 5: Fire related injures where people work, visit and in vehicles

A fire injury is recorded if the cause of injury is directly as a result of fire and required hospital treatment. This includes where an injury has occurred as a result of attempts to escape such as falls resulting in injury.

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected																
			1	3	5	Jan-16											Dec-16					
Injuries - All Fires	1 (8)	28 (33)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Injuries - Accidental Fires	1 (7)	24 (26)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Injuries - Deliberate Fires	0 (1)	4 (7)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Measure 6: Fires where people work, visit and in vehicles

All primary fire incidents in non-domestic premises such as hotels, shops, schools, outdoor structures and in vehicles (including where a fire has occurred as a result of a collision).

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected																
			1	3	5	Jan-16											Dec-16					
All Fires	331 (387)	1339 (1225)	↑	↑	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Accidental Fires	226 (274)	954 (954)	●	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Deliberate Fires	105 (113)	385 (271)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Measure 2: Injuries as a result of fires where people live

There have been 55 injuries at fires where people live in the 12 month reporting period from Jan-16 to Dec-16 compared to 91 in the previous 12 month period.

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

Measure 5: Fire related injuries where people work, visit and in vehicles

There have been 28 injuries at fires where people work and visit and in vehicles in the 12 month reporting period from Jan-16 to Dec-16 compared to 33 injuries in the previous 12 month period.

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

Measure 6: Fires where people work, visit and in vehicles

There have been 1339 fires where people work and visit and in vehicles in the 12 month reporting period from Jan-16 to Dec-16 compared to 1225 fires in the previous 12 month period.

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - UP; short-term (12 months) - UP

Measure 4: Fire related deaths where people work, visit and in vehicles

There have been 4 fire-related deaths where people work and visit and in vehicles in the 12 month reporting period from Jan-16 to Dec-16 compared to 0 in the previous 12 month period.

In the current quarter there have been 2 months within normal range, 0 within monitor range, 1 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

Measure 1: Deaths as a result of fires where people live

There have been 8 fire-related deaths where people live in the 12 month reporting period from Jan-16 to Dec-16 compared to 12 deaths in the previous 12 month period.

In the current quarter there have been 1 month within normal range, 1 within monitor range, 1 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - DOWN

Measure 3: Fire where people live

There have been 1002 fires where people live in the 12 month reporting period from Jan-16 to Dec-16 compared to 983 in the previous 12 month period.

In the current quarter there have been 2 months within normal range, 1 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

How is DSFRS improving performance?

Reducing fires in the home and related injuries and deaths

Related headlines:

- Measure 1: deaths as a result of fires where people live
- Measure 3: fires where people live
- Measure 2: injuries as a result of fires where people live

What we are doing to improve performance:

Home Safety Visits

The Executive Board has signed off the business case for a new approach to Home Fire Safety delivery which has been running as a pilot in East and North Devon where it has significantly increased visits and resulted in better quality referrals and improved outcomes. The new approach is underpinned by data prepared by DSFRS Business Intelligence Team to aid targeting of households that are most at risk from fire.

Arrangements are in place with Livewell South West a healthcare provider for Plymouth, Tavistock and South Hams aimed at generating high numbers of quality referrals. Those under Livewell's care will now be offered a Home Fire Safety Visit (HFSV) as part of changes to Livewell policy.

In West Devon the Family Intensive Interventions Project provides family support teams to work with vulnerable families. HFSVs will be offered as part of families' individual care plans.

A partnership has been formed with Virgin Care who have taken over much of community care within the South West. Virgin Care employees have the ability to forward concerns to DSFRS for Home Safety Referrals.

Partnership Working

DSFRS continues its search for best quality partners, those which have useful lists of people and those that have good links to the people on the ground.

Across the Authority partnership working is a key part of the prevention activity undertaken. The partnership register continues to grow with new groups now on board. The data sharing message is being taken to strategic partnerships, which in turn is opening up opportunities for sharing resources with other services.

The revised approach to Home Safety Visits has a benefit of producing increased capacity, allowing local groups to focus more on partnership development.

Hoarders represent a very high risk group. Decluttering partnerships are now enabling DSFRS to refer directly to them and in severe cases financial help may be offered to effect positive behavioural change. The reporting of hoarding has been standardised through the Response and Resilience process.

Devon & Cornwall Police are working on aligning strategies with DSFRS in order to achieve greater efficiencies. Work is being undertaken on developing a suicide reduction strategy which links with existing work streams and feeds into future opportunities for collaboration with the Police, Health and HM Coroner.

A link with police control has been established and they have been informed of people assessed as vulnerable to fire risk.

East Devon Community Safety Team has looked at the risk elements presented by thatch fire scenarios and shared their findings with the Master Thatcher's Guild and attended the AGM of the National Association of Chimney Sweeps to discuss home safety legislation and governance.

East Devon are developing their interaction with vulnerable people at incidents, identifying people at any type of incident, not just after a fire. This will enable vulnerable people to be referred for HFSVs irrespective of the initial reason for the interaction and will help make those most at risk safer in their homes.

South Devon Group have become an active member of the Torbay Modern Slavery Group which is collaborative approach to tackling the issues of modern slavery.

Exeter University was targeted in induction week for a visit to advice students about basic cooking practises that can prevent incidents occurring.

Reducing fires in the home and related injuries and deaths continued...

Partnership Working (cont)

East Somerset Group have aligned their structure with the Police and Council districts so that the boundaries now match; the same team work with the Police and Council officer, the LRM's are taking ownership of the areas they are assigned to and relationships with other agencies have improved.

Following announcement that the Police need to share assets; East Somerset are set to share physical space with the Police. The occupation of the same building should also improve collaboration and sharing of intelligence.

Other Prevention Work

A review and progression of the risk reduction work within Clovelly took place on Wednesday 7th December 2016. DSFRS staff met with the Clovelly Estates HR Manager and the Estates Maintenance Manager. There is a concern that a fire in any one of the properties might spread rapidly unchecked through common roof voids spanning many properties. There is the potential for a fire to break through a roof and enter the adjoining property through a window or its eaves. The cobbled street is narrow in places which could allow radiated heat to ignite from one side of the street to the other.

Work has been carried out with South West Water and Clovelly Estates to improve the mains water supply; this has yielded much greater water flow and pressure for firefighting purposes.

Protection, prevention and education work has been carried out in Clovelly valley to reduce the risk from fire. North Devon Group has commissioned the building of a sledge/trailer which will be permanently located at the start of Clovelly valley; buying time to get other resources required into action.

Reducing fires where people work, visit and in vehicles and related injuries and deaths

Related headlines:

- Measure 4: deaths as a result of fires where people work, visit and in vehicles
- Measure 6: fires where people work, visit and in vehicles
- Measure 4: injuries as a result of fires where people work, visit and in vehicles

What we are doing to improve performance:

Partnerships

The Service is developing a partnership with DCC Waste Management aimed at planning for prevention of fire and dealing with fires at recycling centres.

The Primary Authority Scheme is where an Authority takes responsibility for regulatory advice where a business' footprint is within more than one Authority area. The scheme is progressing well with the DSFRS partner and there is potential for development of another partnership with a social housing provider, providing accommodation in Cornwall, Devon, Somerset and Dorset.

Inspection Programmes

A Fire Officer has been seconded into the Service Headquarters Business Safety Team (BST) to review and monitor the standard of delivery of business safety activities across Devon and Somerset, to identify good practice and resolve issues with inconsistencies.

The existing inspection strategy is under review to take account of a new dataset/intelligence to focus on the highest risk businesses in regards to life impact and business impact. Work is ongoing for planning a programme targeting premises most likely to have fires in the next 12 months.

Local Initiatives

Torbay Council has been successful in a funding bid to undertake another campaign in connection with Immigration risk and asked us to partner them from a fire safety perspective. In conjunction with Torbay Council, South Devon Group has developed dual warranted officers (fire and building).

The West Devon BST worked closely with Mount Gould Trust and their landlords to successfully overcome complications that had arisen during construction, to achieve the requisite fire safety standards whilst enabling the hospital to remain operational.

West Devon have undertaken talks and engagement activity with students at City College Plymouth including Fire Safety talks, input into sensory impairment events and Fire Safety events for new students.

Other (including enforcement)

The Legal action team continue to bring cases to court. In December 2016 a successful prosecution was brought of a Holiday Park amounting to £55,000.

In West Devon there is one ongoing prosecution being undertaken by the BST the with a court date booked at Plymouth Magistrates Court on the 18th April 2017. This relates to alleged significant failures of fire safety that put sleeping guests at risk of death or serious injury from fire.

Following a fire related death in a premises where people work a full and joint investigation was carried out to identify the cause and preventative measures are due to be put in place. The death was caused by smoking whilst using oxygen. There were no significant fire safety concerns however the Care Quality Commission is taking action to introduce more stringent control measures.

Priority: Public Safety - Emergency Response Standards (ERS)

Measure 7: ERS for attendance at fires where people live

(a) First attendance - first appliance to attend within 10 minutes from time of call

This measure is recorded by the following criteria:

- (i) ALL fires where people live attended
- (ii) Includes those fires where only 1 appliance was required (e.g. fires out on arrival)

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected											
			1	3	5	Jan-16											
All Eligible Incidents	64% (71%)	69% (71%)	↓	↓	↓												
Incidents Inside 10min Zone*																	

* Due to the transition to the new IT system in Fire Control this information is currently unavailable for analysis.

(b) Full attendance - First appliance to attend within 10 minutes and 9 Personnel in 13 minutes

This measure is recorded by the following criteria:

- (i) ALL fires where people live attended inside the 10 minute area only
- (ii) Excludes those fires where only 1 appliance was required (e.g. fires out on arrival)
- (iii) Standard measured from time of call to 1st appliance arrival time within 10 minutes AND 9 personnel (irrespective of number of appliances) within 13 minutes

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected											
			1	3	5	Jan-16											
Incidents Inside 10min Zone*																	

* Due to the transition to the new IT system in Fire Control this information is currently unavailable for analysis.

Measure 8: ERS for attendance at Road Traffic Collisions (RTCs)

(a) First attendance - first appliance to attend within 15 minutes

This measure is recorded according to the following criteria:

- (i) ALL RTCs attended with the exception of late calls and turnbacks
- (i) 15 minutes measured from time of call to time of first attendance

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected											
			1	3	5	Jan-16											
All Eligible Incidents	72% (76%)	74% (76%)	↓	↓	↓												

Key Messages

Measure 7: The Service has achieved first response to fire incidents where people live within 10 mins for 69.1% of eligible incidents during the 12 month reporting period from Jan-16 to Dec-16, a -2.1%pt change compared to the previous 12 month period (71.1% achieved).

In the current quarter there have been 2 months within normal range, 1 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

Measure 8: The Service has achieved first response to RTC incidents within 15 mins for 74.5% of eligible incidents during the 12 month reporting period from Jan-16 to Dec-16, a -1.5%pt change compared to the previous 12 month period (76% achieved).

In the current quarter there have been 1 months within normal range, 2 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

Achieving our emergency response standards (ERS)

Related headlines:

- Measure 7: ERS for attendance at fires where people live
- Measure 8: ERS for attendance at Road Traffic Collisions (RTCs)

What we are doing to improve performance:

The Service is investigating the drop in the ERS performance and we are aware that the majority of the times the standard has not been met has been where incidents were located outside of the expected response zones. Therefore the standard in these locations would be impossible to achieve. This is being reviewed and it should be noted that the new performance measures will address this issue.

Sickness Absence

Priority: Staff Safety - Sickness

Rate of shifts lost due to sickness per full time equivalent (fte) role

This measure calculates sickness for all staff with the exception of retained personnel.

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected																	
			1	3	5	Jan-16 Dec-16																	
All Sickness	2.34 (+27%)	8.88 (-5%)	↓	●	↑	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

Sickness Rate by Absence Length - Calendar Days

Measure Breakdown - Length of Sickness	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected																	
			1	3	5	Jan-16 Dec-16																	
Short-term <8 Days	0.66 (+28%)	2.39 (+5%)	↑	↑	↑	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Certified 8-28	0.49 (+28%)	1.68 (+18%)	↑	↑	↑	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Long-term >28Days	1.19 (+26%)	4.81 (-15%)	↓	↓	↑	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

Sickness Rate by Post Type

Measure Breakdown - Post Type	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected																	
			1	3	5	Jan-16 Dec-16																	
Uniformed Station Based	2.01 (+35%)	6.98 (-23%)	↓	↓	↑	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Uniformed Non-Station Based	1.86 (-21%)	10.66 (+3%)	↑	↑	↑	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Control	2.32 (-25%)	14.11 (+26%)	↑	↓	●	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Non-Uniformed	3.21 (+77%)	8.57 (-3%)	↓	↑	↑	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

As agreed with the Committee the statistics for sickness has been provided here however the analysis has been presented and reviewed at the Human Resources and Development Committee