



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**M. Pearson
CLERK TO THE AUTHORITY**

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

(see below)

**SERVICE HEADQUARTERS
THE KNOWLE
CLYST ST GEORGE
EXETER
DEVON
EX3 0NW**

Your ref :
Our ref : APRC/MP/SS
Website : www.dsfire.gov.uk

Date : 25 February 2021
Please ask for : Sam Sharman
Email : 01392 872393
ssharman@dsfire.gov.uk

Telephone : 01392 872200
Fax : 01392 872300
Direct Telephone : 01392 872393

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

Friday, 5th March, 2021

A meeting of the Audit & Performance Review Committee will be held on the above date, **commencing at 9.30 am by video conference via Webex** to consider the following matters.

M. Pearson
Clerk to the Authority

PLEASE NOTE: This meeting will be livestreamed on the Devon & Somerset Fire & Rescue Service YouTube channel. This can be accessed by following the link below and then clicking on the Videos and Livestream buttons:

<https://www.youtube.com/dsfireupdates>

AGENDA

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

1 Apologies

2 Minutes (Pages 1 - 6)

of the previous meeting held on 19 November 2020 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 External Audit Progress Report and Sector Update (Pages 7 - 16)

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 up to the beginning of February 2021 together with a Sector Update.

5 External Audit Plan 2020-21 (Pages 17 - 38)

The Authority's External Auditor, Grant Thornton, has submitted, for information (and as attached), an overview of the planned scope and timing of the statutory audit of Devon and Somerset Fire and Rescue Authority ('the Authority') for the year ended 31 March 2021.

6 Group Accounts for Devon & Somerset Fire & Rescue Authority and Red One Ltd. (Pages 39 - 42)

Report of the Director of Finance & Resourcing (Treasurer) (APRC/21/1) attached.

7 Audit & Review 2020-21 Progress Report (Pages 43 - 50)

Report of the Director of Governance & Digital Services (APRC/21/2) attached.

8 2021-22 Draft Internal Audit Plan (Pages 51 - 54)

Report of the Director of Governance & Digital Services (APRC/21/3) attached.

9 2020-21 Draft Annual Statement of Assurance (Pages 55 - 90)

Report of the Director of Governance & Digital Services (APRC/21/4) attached.

10 Corporate Risk Register (Pages 91 - 100)

Report of the Director of Governance & Digital Services (APRC/21/5) attached.

11 Her Majesty's Inspectorate of Constabulary & Fire & Rescue Services Inspection Progress Update (Pages 101 - 110)

Report of the Director of Service Improvement (APRC/21/6) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Healey MBE (Chair), Brazil, Buchan, Clayton, Napper, Prowse (Vice-Chair) and Saywell

NOTES

1. **Access to Information**

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. **Reporting of Meetings**

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 Chair - 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 Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.

3. **Recording of Meetings**

Given the social distancing measures introduced in response to the Covid-19 pandemic, Authority meetings will be held virtually and livestreamed on the Devon & Somerset Fire & Rescue Service YouTube channel. The meetings may also be recorded for subsequent viewing on the YouTube Channel. Any such recording does not constitute the official, Authority record of the meeting.

4. **Declarations of Interests at meetings (Authority Members only)**

If you are present at a meeting and you are aware that you have either a disclosable pecuniary interest, personal interest or non-registerable interest in any matter being considered or to be considered at the meeting then, unless you have a current and relevant dispensation in relation to the matter, you must:

- (i) disclose at that meeting, by no later than commencement of consideration of the item in which you have the interest or, if later, the time at which the interest becomes apparent to you, the existence of and – for anything other than a “sensitive” interest – the nature of that interest; and then
- (ii) withdraw from the room or chamber during consideration of the item in which you have the relevant 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 an interest of a sensitive nature. You must still follow (i) and (ii) above.

Where a dispensation has been granted to you either by the Authority or its Monitoring Officer in relation to any relevant interest, then you must act in accordance with any terms and conditions associated with that dispensation.

	NOTES
	Where you declare at a meeting a disclosable pecuniary or personal interest that you have not previously included in your Register of Interests then you must, within 28 days of the date of the meeting at which the declaration was made, ensure that your Register is updated to include details of the interest so declared.
5.	<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.
6.	<u>Substitute Members (Committee Meetings only)</u> Members are reminded that, in accordance with Standing Order 37, 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.
7.	<u>Other Attendance at Committees (Standing Order 38)</u> Any Authority Member wishing to attend a meeting of a Committee of which they are not a Member should contact the Democratic Services Officer (see “please ask for” on the front page of this agenda) in advance of the meeting to obtain details of the Webex meeting invitation.

AUDIT & PERFORMANCE REVIEW COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

19 November 2020

Present:

Councillors Healey MBE (Chair), Brazil, Buchan, Clayton, Napper, Prowse (Vice-Chair) and Saywell.

* **APRC/33**

Minutes

RESOLVED that the Minutes of the meeting held on 7 September 2020 be approved as a correct record.

* **APRC/34**

Devon & Somerset Fire & Rescue Authority Financial Statements 2019-20

* a **Audit Findings for the Devon & Somerset Fire & Rescue Authority 2019-20**

The Committee considered a report of the Authority's external auditor (Grant Thornton) on audit findings for the Authority for the year ended 31 March 2020. An initial audit findings report had been considered by the Committee at its meeting held on 7 September 2020 (Minute *APRC/26(a) refers). Since then, the report had been updated in a number of areas, in particular pension costs and liabilities associated with the McCloud/Sargeant judgment. This had now been addressed as a non-adjusting post-balance sheet event in line with International Audit Standard 10. Additionally, it was clarified to the Committee that the material uncertainty declared by the Devon Local Government Pension Scheme (LGPS) in relation to property fund investments related to the impact of the COVID-19 pandemic on the property market in general and did not have a significant impact on the Authority's financial statements or revenue budget in the short-term.

The audit findings report addressed, amongst other things:

- the audit approach (including materiality in relation to the financial statements);
- commentary on significant audit risks identified in the external audit plan; and
- significant findings.

An unqualified audit opinion was anticipated on the Authority's financial statements for the year ended 31 March 2020. There was no material uncertainty about the Authority's ability to continue as a going concern. In relation to value for money, the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The audit findings report also identified that two of the three recommendations identified in the previous audit (relating to the transfer of payroll services; and measures to address the Medium Term Financial Plan funding gap) had been addressed while the third (relating to a wider Protective Monitoring system) was scheduled for implementation in 2020-21 and was considered low risk. No new specific recommendations had been identified during the course of the audit of the most recent financial statements.

(SEE ALSO MINUTES *APRC/34(b) and (c) BELOW).

* **b Statement of Accounts 2019-20**

The Committee considered a report of the Director of Finance & Resourcing (APRC/20/14) to which was appended the final Statement of Accounts for the Authority for the year ended 31 March 2020. A draft Statement of Accounts had been considered by the Committee at its meeting on 7 September 2020 (Minute *APRC/26(b) refers), at which time there were still a number of outstanding issues relating to the external audit – in particular pension costs and liabilities. These issues had been amended where appropriate within the accounts and the Statement of Accounts was now being re-presented for approval.

It was also noted that Regulations made in response to the COVID-19 pandemic had altered the publication date for final audited accounts from 31 July to 30 November and that, despite the complications arising from the pandemic, the Authority had provided its draft financial statements to the external auditor on 30 July 2020.

RESOLVED that the Authority's final Statement of Accounts for the year ended 31 March 2020, as appended to report APCR/20/14, be approved for publication.

(SEE ALSO MINUTES *APRC/34(a) ABOVE and *APRC/34(c) BELOW).

* **c 2019-20 Letter of Representation**

The Committee considered the Letter of Representation (included with the agenda for the meeting) on the Authority's financial statements for the year ended 31 March 2020.

RESOLVED that the Committee Chair and the Director of Finance & Resourcing be authorised to sign, on behalf of the Authority, the Letter of Representation to the external auditor (Grant Thornton) on the Authority's financial statements for the year ended 31 March 2020.

(SEE ALSO MINUTES *APRC/34(a) and (b) ABOVE).

* **APRC/35 Audit & Review 2020-21 Progress Report**

The Committee received for information a report of the Director of Governance & Digital Services (APRC/20/15) outlining progress made during the second quarter of 2020-21 (April to September) against the approved internal audit plan for that year.

The COVID-19 pandemic and associated requirement for the Service to adopt business continuity measures had resulted in the plan being unable to progress in the usual manner. A revised internal audit plan for the remainder of the year, focussing on areas of highest risk, was being prepared and would be submitted to the Committee at the earliest opportunity.

The Devon Audit Partnership (DAP) had completed fieldwork on a planned internal audit of the Training Academy, focussed on alignment of the Academy's work to wider, Service objectives, governance arrangements and maintenance of standards. The draft report on this was expected imminently.

During quarter 2 an additional focus had been placed on obtaining updates on outstanding actions from the Service Audit & Review Assurance Tracker. The total number of overdue items in all priority areas continued to decrease, with overdue actions being linked largely to longer-term project work which had subsequently been subsumed into the Safer Together Programme which was progressing on track.

* APRC/36

Devon & Somerset Fire & Rescue Service Performance Report: April to September 2020

The Committee received for information a report of the Director of Service Improvement (APRC/20/17) detailing performance of the Devon & Somerset Fire & Rescue Service ("the Service") during April to September against eight agreed corporate performance measures relating to fires in the home (and emergency response standards to these), fires where people work and visit, vehicle fires; road traffic collisions and sickness absence performance. The performance status of each reportable measure had been established from analysis of performance against the previous year and medium to long-term trends. Where a measure was reported as "in exception", commentary on this was detailed in the report providing additional information and analysis and indicating whether further action should be considered.

Positive performance was reported in relation to four the measures (fires where people live; fire related injuries where people work, visit and in vehicles; fires where people work, visit and in vehicles; and emergency response standards for road traffic collisions), with negative performance for fire related deaths where people live; fire related injuries where people live; fire related deaths where people work, visit and in vehicles and emergency response standards for fires where people live.

While the number of fire related deaths was small, analysis over a five year period the majority (30 of 37) were in lone person households and of these 19 were over pensionable age. Age and associated issues were key factors affecting the likelihood of dying from a fire in the home. While a greater proportion of the fatal incidents had an alarm present, the alarm had not been raised more often than for non-fatal incidents which was considered to be attributable to the fact that the victims lived alone. The Service had processes in place (including partnership, self- and third-party referrals) to focus delivery of home fire safety advice to those most at risk and in the 2019-20 financial years had delivered 16,500 home fire safety visits and provided additional fire safety equipment in 10,000 households.

The advent of the COVID-19 pandemic had impacted on the ability to undertake home fire safety visits although remote support had been provided. The process of reviewing fatal fires had also been suspended but would be reinstated to ensure continual learning and development of knowledge of community risk across the service area.

Fire related injuries where people live had also increased both over the last year and in three and five year trends. The characteristics of those injured were generally similar to those more likely to die from fire, with age and living alone being factors. A process to ensure continual learning and development of knowledge of community risk within the service area to inform appropriate strategies to underpin the Integrated Risk Management Plan was in place.

Measures were also in hand to fully understand and address issues relating to a decrease in performance in emergency response standards to domestic fires.

In response to questions raised at the meeting, it was acknowledged that there was a sector-wide difficulty in measuring with any precision the precise impacts of Service interventions on community safety outcomes, in part due to the relatively low numbers of events involved and the corresponding disproportionate impact that any increase had on associated performance indicators.

In line with an earlier Committee decision, however, work was in hand to develop more appropriate public-facing indicators for Service performance (Minute *APRC/22 refers).

(SEE ALSO MINUTE *APRC/37 BELOW).

* **APRC/37** **Review of Corporate Performance Measures**

The Committee received for information a report of the Director of Finance & Resourcing (APRC/20/16) on progress to develop new corporate performance measures and targets/key performance indicators for the Service Environmental Strategy.

The Committee had previously established a working party to examine new corporate performance measures at its meeting on 4 March 2020 (Minute *APRC/22 refers). Since that time, the COVID-19 pandemic and changes in Authority membership had impacted on this decision. Additionally, the Authority, in declaring a climate emergency and approving the Service Environmental Strategy at its meeting on 23 October 2020, had tasked the Committee with developing (in consultation with Councillors Buchan and Clayton - the Authority's two Climate Change and Sustainability Champions) targets and/or key performance indicators to enable the Committee to monitor progress against the strategy.

Consequently, the Clerk (following consultation with the Authority Chair and in accordance with Standing Orders) had established a new working group comprising Councillors Buchan, Clayton and Saywell to work with relevant officers in developing new corporate performance measures together with targets/key performance indicators to monitor progress against the Service Environmental Strategy.

In discussing this issue, Members commented that there could be benefit in slightly enlarging membership of the working group to include representation from the Community Safety & Corporate Planning Committee. The Director of Governance & Digital Services agreed to undertake this in consultation with the relevant Chairs and in accordance with Standing Orders.

(SEE ALSO MINUTE *APRC/36 ABOVE).

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

The Meeting started at 2.00 pm and finished at 3.15 pm

This page is intentionally left blank

Audit Progress Report and Sector Update

Devon and Somerset Fire and Rescue Authority
Year ending 31 March 2021

Page 7

22 February 2021



Contents

Section	Page
Introduction	3
Progress at February 2021	4
Audit Deliverables	5
Sector Update	6

Introduction



Barrie Morris

Engagement Lead

T 0117 305 7708
M 077719 76684
E barrie.morris@uk.gt.com

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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a fire and rescue service; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



Andrew Davies

Engagement Manager

T 0117 305 7844
M 07747 006 786
E andrew.davies@uk.gt.com

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

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.

Progress at February 2021

Working with You

Meetings

We will continue discussions with management regarding emerging developments and to ensure the audit process is smooth and effective. This includes the new approach to VFM, and the timing of audit deliverables.

Working Arrangements

With the return to lockdown we envisage having to continue to work completely remotely for a longer period. Working with the Authority, we managed this well at the last audit and we will seek to be in regular contact with your finance team in respect of the logistics of these arrangements, recognising that staff, and service provision will be your priorities.

Our interim audit is planned for March and April 2021. We will be discussing this with the finance team to ensure we maximise the use of this time and ensure limited impact on your staff at this busy time.

Change of Engagement Team

It was agreed that as part of an internal review of portfolios, that Andrew Davies will be taking on responsibility as your Engagement Manager and replacing Aditi Chandramouli. Barrie Morris will remain your Engagement Lead and Oscar Edwards will also remain in place as the Engagement In-charge.

2020/21

We have completed our initial audit planning for both the financial statements audit and our VFM work.

Our Audit Plan setting out the risks identified is on this agenda.

This early planning will be supplemented by our interim audit which is due to take place in March and April 2021.

This work will be focused on:

- Review of the Authority's control environment;
- Updating our understanding of the Authority's financial systems and business processes;
- Review of Internal Audit reports on core financial systems and other key areas;
- Early work on any emerging accounting issues;
- Early substantive testing in significant risk areas.

Due to Committee reporting dates we will not have the opportunity to formally report these findings and they will therefore be included in our Audit Findings Report. In the event that there are significant findings that impact on our planned audit approach we will communicate these outside of the formal Committee timelines.

Events

Our annual accounts workshop for Chief Accountants is taking place in February 2021 and your finance team have received invites. These will be taking place remotely due to the current homeworking requirements and will cover topical issues and technical areas pertinent to the 2020/21 statutory accounts.

Value for Money

As communicated in the sector update section, on 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The most significant change in the Code is the introduction of a new 'Auditor's Annual Report', which brings together the results of all the auditor's work across the year. The Code also introduced a revised approach to the audit of Value for Money. These changes are set out in more detail in the NAO's Auditor Guidance Note 03 which was published on 15 October 2020.

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering governance, financial sustainability and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified /unqualified) approach to VfM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

We have completed our initial planning in this area and the findings are set out in our Audit Plan on this Committee agenda.

Our detailed work will take place alongside our financial statements audit.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p>Fee Letter Confirming audit fee for 2020/21.</p>	April 2021	Not yet due
<p>Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit and Performance Review Committee setting out our proposed approach in order to give an opinion on the Authority's 2020-21 financial statements. This also includes the findings of our value for money initial risk assessment.</p>	March 2021	On this agenda
<p>Interim Audit Findings Our interim audit is planned for March and April 2021. Where possible we will report to you the findings from our interim audit in our Audit Progress Report. Where committee reporting dates do not allow this, these findings will form part of our overall Audit Findings Report. In the event that there are significant findings that impact on our planned audit approach we will communicate these outside of the formal Committee timelines.</p>	April 2021	Not yet due
<p>Audit Findings Report The Audit Findings Report will be reported to the Audit and Performance Review Committee.</p>	TBC	Not yet due
<p>Auditors Report This is the opinion on your financial statements and annual governance statement.</p>	TBC	Not yet due
<p>Auditor's Annual Report Under the new Code of Audit Practice this replaces the Annual Audit Letter and is the key output from local audit work on arrangements to secure VFM.</p>	TBC	Not due yet

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging operational issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below :

Public Sector

Local
government

The Redmond Review

The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting – “The Redmond Review” was published on 8 September.

The review has examined the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting the Authority’s annual accounts enables the public to understand this financial information and receive the appropriate assurance that the finances of the authority are sound.

The Review received 156 responses to the Calls for Views and carried out more than 100 interviews. The Review notes “A regular occurrence in the responses to the calls for views suggests that the current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way. To address this concern an increase in fees must be a consideration. With 40% of audits failing to meet the required deadline for report in 2018/19, this signals a serious weakness in the ability of auditors to comply with their contractual obligations. The current deadline should be reviewed. A revised date of 30 September gathered considerable support amongst respondents who expressed concern about this current problem. This only in part addresses the quality problem. The underlying feature of the existing framework is the absence of a body to coordinate all stages of the audit process.”

Key recommendations in the report include:

- A new regulator - the Office of Local Audit and Regulation (OLAR) to replace the Financial Reporting Council’s (FRC) role and that of Public Sector Auditor Appointments (PSAA)
- Scope to revise fees - the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements
- Move back to a September deadline for Local Authorities - the deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year
- Accounts simplification - CIPFA/LASAAC be required to review the statutory accounts to determine whether there is scope to simplify the presentation of local authority accounts.

The OLAR would manage, oversee and regulate local audit with the following key responsibilities:

- procurement of local audit contracts;
- producing annual reports summarising the state of local audit;
- management of local audit contracts;
- monitoring and review of local audit performance;
- determining the code of local audit practice; and
- regulating the local audit sector.

The current roles and responsibilities relating to local audit discharged by the Public Sector Audit Appointments (PSAA); Institute of Chartered Accountants in England and Wales (ICAEW); FRC; and The Comptroller and Auditor General (C&AG) to be transferred to the OLAR.

How you can respond to the Review

One of the recommendations was for local authorities to implement:

The governance arrangements within local authorities be reviewed by local councils with the purpose of:

- an annual report being submitted to Full Council by the external auditor;
- consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and
- formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.

Whilst Redmond requires legislation, in practice the second and third bullets are things which authorities could start doing now.

The full report can be obtained from the gov.uk website:

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

Code of Audit Practice and revised approach to Value for Money audit work - National Audit Office

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The most significant change in the Code is the introduction of a new 'Auditor's Annual Report', which brings together the results of all the auditor's work across the year. The Code also introduced a revised approach to the audit of Value for Money.

Value for Money - Key changes

There are three main changes arising from the NAO's new approach:

- Page 14 A new set of key criteria, covering governance, financial sustainability and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VfM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The new approach to VfM re-focuses the work of local auditors to:

- Promote more timely reporting of significant issues to local bodies
- Provide more meaningful and more accessible annual reporting on VfM arrangements issues in key areas
- Provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness
- Provide clearer recommendations to help local bodies improve their arrangements.

Implications of the changes

Grant Thornton very much welcomes the changes, which will support auditors in undertaking and reporting on work which is more meaningful, and makes impact with audited bodies and the public. We agree with the move away from a binary conclusion, and with the replacement of the Annual Audit Letter with the new Annual Auditor's Report. The changes will help pave the way for a new relationship between auditors and audited bodies which is based around constructive challenge and a drive for improvement.

The following are the main implications in terms of audit delivery:

- The Auditor's Annual Report will need to be published at the same time as the Auditor's Report on the Financial Statements.
- Where auditors identify weaknesses in Value for Money arrangements, there will be increased reporting requirements on the audit team. We envisage that across the country, auditors will be identifying more significant weaknesses and consequently making an increased number of recommendations (in place of what was a qualified Value for Money conclusion). We will be working closely with the NAO and the other audit firms to ensure consistency of application of the new guidance.
- The new approach will also potentially be more challenging, as well as rewarding, for audited bodies involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

The Code can be accessed here:

https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf

This page is intentionally left blank

Devon and Somerset Fire Authority audit plan

Year ending 31 March 2021

22 February 2021

Page 17



Agenda Item 5

Contents



Your key Grant Thornton team members are:

Barrie Morris

Key Audit Partner

T 0117 305 7708

E barrie.morris@uk.gt.com

Andrew Davies

Engagement Manager

T 0117 305 7844

E andrew.davies@uk.gt.com

Oscar Edwards

Engagement In-charge

T 0292 034 7607

E oscar.r.edwards@uk.gt.com

Section

Key matters	3
Introduction and headlines	4
Significant risks identified	5
Accounting estimates and related disclosures	7
Other matters	10
Materiality	11
Value for Money Arrangements	12
Risks of significant VFM weaknesses	13
Audit logistics and team	14
Audit fees	15
Independence and non-audit services	17
Appendix 1: Revised Auditor Standards and application guidance	18

Page

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, and 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 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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Key matters

Factors

Authority developments

The Authority continues to operate in an uncertain and challenging environment due to changes to Government funding and the global pandemic. The Authority continues to balance service delivery with the need to drive efficiencies. Financially the Authority is forecasting an underspend for 2020/21 and has set a balanced budget for 2021/22. Whilst the Authority's Medium Term Financial Strategy sets out a significant challenge, the Safer Together Programme is looking to address this.

Red One Limited, the Authority's subsidiary continues to develop. The Authority have assessed whether group accounts are required to be prepared for 2020-21 and have concluded that this is not required, due to materiality.

At a national level, the UK left the European Union (EU) on 1 January 2021 although uncertainty remains over the country's trading relationship with the EU which could have implications for the supply chain and on EU nationals employed within the service. The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on the supply of any imported goods and equipment.

Impact of Covid 19 pandemic

The current lockdown restrictions mean that we will have to continue to work completely remotely for a longer period and potentially through much of the audit for 2020-21. Working in cooperation with the Authority, we managed this effectively for the 2019-20 audit and we will be in regular contact with your finance team in respect of the logistics of these arrangements, as required, for our 2020-21 programme of audit work, building on our experience from last year.

Financial Reporting and Audit – raising the bars

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, undertaking further detailed, robust testing.

Our work in 2019/20 has highlighted areas where Local Government sector financial reporting needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of financial transactions in the sector which require greater audit scrutiny.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Director of Finance and Resourcing.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit and Performance Review Committee updates.
- The Authority's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid 19 pandemic and we expect significant uncertainty will continue in 2020/21. We identified a significant risk in regards to the valuation of properties – refer to page 6.
- An uncertainty was also disclosed in 2019/20 in respect of the potential impact of Covid 19 on property investments funds held within the pension funds assets. We identified a significant risk in regards to the valuation of the pension fund net liability – refer to page 6.
- We will review the Authority's assessment that group accounts are not required on the basis that Red One is immaterial to the Authority as a whole. We will also review the arrangements around Red One as part of our wider VFM work under the revised Code of Audit Practice.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Devon and Somerset Fire and Rescue Authority ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Devon and Somerset Fire and Rescue Authority. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Performance Review Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Performance Review Committee of your 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 audit approach is based on a thorough understanding of the Authority's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Revenue recognition (rebutted);
- Management override of controls;
- Valuation of land and buildings; and
- Valuation of net pension fund liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1.850m (PY £1.850m) for the Authority, which equates to c2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.093m (PY £0.093m). We have set a lower materiality of £20k for senior officer pay, given the general public interest on such payments.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following risks of significant weakness:

- Financial Sustainability.

Audit logistics

Our interim visit will take place in March and April and our final visit is currently planned to take place in June to September 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit has yet to be confirmed. The scale fee, set by PSAA, is £26,041, however this does not reflect the additional work now required due to the changes in expectations of the regulator or the additional work required on the VFM conclusion as a result of the new Code issued by the NAO. The fee for 2019-20 was £31,291 for the Authority. The fee for the current, as in previous years, is subject to the Authority delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement 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.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>The revenue cycle includes fraudulent transactions (rebutted)</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue 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.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <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. 	<p>Therefore we do not consider this to be a significant risk for Devon and Somerset Fire and Rescue Authority.</p>
<p>Management over-ride of controls</p>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	<p>The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£103m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2021.</p> <p>The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. In 2019/20 the Authority's valuation expert identified there were material uncertainties in relation to the valuation of land and buildings at the balance sheet date. Due to the impact of Covid 19. These uncertainties are likely to impact valuations as at 31 March 2021.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuations were carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Authority's valuer's report and the assumptions that underpin the valuation; • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register; and • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. In 2019/20 the Authority disclosed a net pension fund liability of £729.884m. This comprised £35.970m in relation to the Local Government Pension Scheme (LGPS) and £693.914m in relation to the Fire Fighters Pension Scheme.</p> <p>In 2019/20 the Authority's disclosed a material uncertainty in relation to the property investment funds held within the Pension Fund Assets; due to the potential impact of Covid 19. These uncertainties are likely to impact valuations as at 31 March 2021.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • for LGPS obtain assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Page 23

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Performance Review Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Authority we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings;
- Depreciation;
- Year end provisions and accruals,;
- Credit loss and impairment allowances;
- Valuation of defined benefit net pension fund liabilities; and
- Fair value estimates of investments and borrowings.

The Authority's Information systems

In respect of the Authority's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Authority uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Authority (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

How management understands the degree of estimation uncertainty related to each accounting estimate; and

How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

Planning enquiries

As part of our planning risk assessment procedures we will make enquiries of management and Those Charged with Governance. We would appreciate a prompt response to these.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540-Revised-December-2018-final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540-Revised-December-2018-final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.

We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
- issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act).
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

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 this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Authority's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 12).

Materiality

The concept of materiality

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. 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.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.850m (PY £1.850m) for the Authority, which equates to c2% of your prior year gross expenditure. We recognise the public interest in senior officer remuneration disclosures. For our work in this area we will be auditing to the detailed disclosure requirements and where we identify differences that change the amount, or bandings we will request that these are amended. In addition we have set a separate we have set a specific materiality of £0.020m (PY £0.020m).

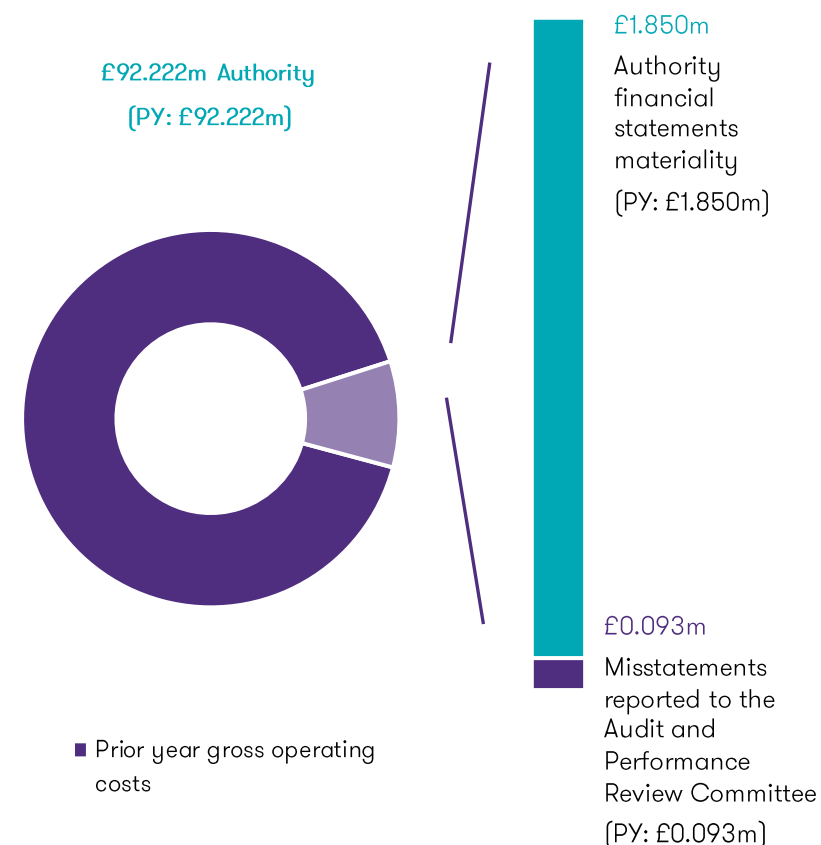
We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit and Performance Review Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Performance and Review Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.093m (PY £0.093m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Performance Review Committee to assist it in fulfilling its governance responsibilities.

Prior year gross operating costs



Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

Page 28 There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified/unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

Page 29



Financial Sustainability

The Authority is forecasting an underspend of £1.2m for 2020/21 and a general fund balance of £5.317m; which remains unchanged from 31 March 2020. Earmarked reserves are forecast to reduce from £33.496 to £29.694m. Whilst the Authority has a healthy level of reserves and a strong history of delivering financial targets and savings (with £13.9m delivered to date), the financial challenge and uncertainty continue to increase. In setting the 2021/22 budget and Medium Financial Strategy for the next 5 years, the Authority has identified the need to make a further £7.2m in savings. Whilst the Authority appear to have adequate arrangements in place there is an increasing challenge in securing financial sustainability. Through the Integrated Risk Management Plan and the Safer Together programme the Authority are looking to align resources to risks in order to drive efficiencies.

We will further review savings and financial plans and progress on the Safer Together Programme.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

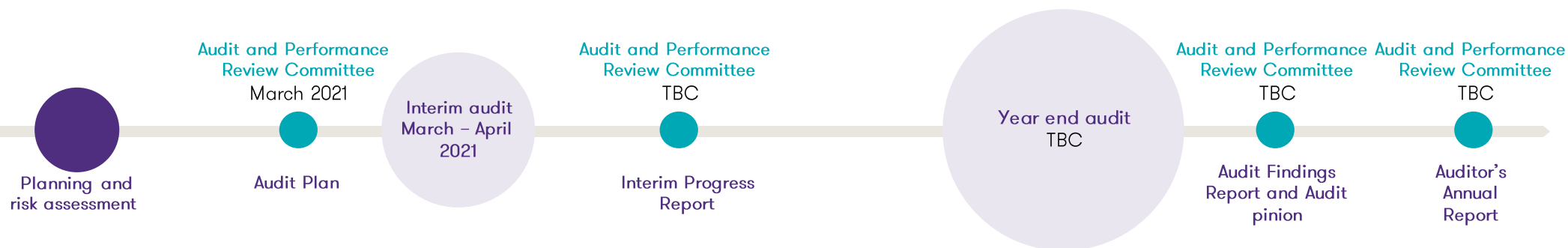
The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Page 30



Barrie Morris, Key Audit Partner

Barrie leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority



Andrew Davies, Engagement Manager

Andrew plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues arising

Oscar Edwards, Engagement In-charge

Oscar's role is to assist in planning, managing and delivering the audit fieldwork, ensuring the audit is delivered effectively and efficiently, and is also involved in supervising and co-ordinating the audit team.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

PSAA awarded a contract for the audit of Devon and Somerset Fire Authority to begin with effect from 2018/19. The fee agreed in the contract was £26,041. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 12, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. This will result in an increased fee however the scale of that increase has yet to be finally determined. This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1..

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf and has been agreed with the Director of Finance and Resourcing.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Authority Audit	£27,541	£31,291	£TBC
Total audit fees (excluding VAT)	£27,541	£31,291	£TBC

Assumptions

In setting the above fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA	£26,041
<i>Ongoing increases to scale fee first identified in 2019/20</i>	
Raising the bar/regulatory factors	£1,250
Enhanced audit procedures for Property, Plant and Equipment	£1,750
Enhanced audit procedures for Pensions	£1,750
Audit fee 2019/20	£30,791
<i>New issues for 2020/21</i>	
Additional work on Value for Money (VfM) under new NAO Code	£TBC
Increased audit requirements of revised ISAs	£TBC
<i>Proposed increase to agreed 2019/20 fee</i>	£TBC
Total audit fees (excluding VAT)	£TBC

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority.

Other services

No other services provided by Grant Thornton were identified.









Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	

This page is intentionally left blank

Agenda Item 6

REPORT REFERENCE NO.	APRC/21/1
MEETING	AUDIT AND PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	5 MARCH 2021
SUBJECT OF REPORT	GROUP ACCOUNTS FOR DEVON & SOMERSET FIRE AUTHORITY AND RED ONE LTD.
LEAD OFFICER	Director of Finance & Resourcing (Treasurer)
RECOMMENDATIONS	That the accounts of Red One Limited are not consolidated in to Group accounts for the 2020/21 financial year.
EXECUTIVE SUMMARY	Under the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice, the Authority can take a view on materiality when preparing group accounts. The Treasurer's recommendation is not to consolidate the accounts given that the activities of Red One Ltd are not material to the Authority's Statement of Accounts.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT	Not applicable
APPENDICES	None.
BACKGROUND PAPERS	None.

1. **BACKGROUND**

- 1.1 At the meeting of the Audit Performance and Review Committee held on 4 March 2020, the Committee considered a report relating to Group Accounts. The Treasurer recommended to the Committee that Group Accounts are excluded from within the Statement of Accounts for the Authority and this approach was approved in relation the financial year 2019/20 (Minute *APRC/17 refers).
- 1.2 In 2011, the Authority agreed to the creation of Red One Ltd which was tasked with trading commercially with a view of generating income for the Authority. The Authority is the single shareholder in the Company.
- 1.3 The Resources Committee (Commercial Services Committee prior to its dissolution on 19 February 2016) is to be presented with quarterly financial performance reports on Red One Ltd. The Annual Accounts of Red One Ltd. are prepared and submitted to the Board of Directors of Red One.
- 1.4 The Statement of Accounts for the Authority are presented to the Audit and Performance Review Committee. 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 Treasurer's view is that there will be no requirement 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 will review this approach once the Authority has determined its view, for which the Audit and Performance Review Committee has delegated responsibility.
- 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.

3. **RECOMMENDATION**

- 3.1 That the Committee notes the content of the paper and agrees with the extension of the proposal to exclude producing Group Accounts within the Statement of Accounts for the Authority for the 2020/21 financial year.

AMY WEBB

Director of Finance & Resourcing (Treasurer)

This page is intentionally left blank

Agenda Item 7

REPORT REFERENCE NO.	APRC/21/2
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	5 MARCH 2021
SUBJECT OF REPORT	AUDIT & REVIEW 2020-21 PROGRESS REPORT
LEAD OFFICER	DIRECTOR OF GOVERNANCE AND DIGITAL SERVICES
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	Attached for consideration and discussion is the 2020–21 Quarter 3 Audit & Review report. This report sets out the progress that has been made during Quarter 3 against the approved 2020-21 Internal Audit Plan, and updates on additional review work undertaken this financial year.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT	Not applicable.
APPENDICES	Appendix 1 : Internal Audit Planning Process
BACKGROUND PAPERS	Nil.

1. **INTRODUCTION**

- 1.1. The 2020-21 internal audit plan was approved by the Audit & Performance Review Committee (the Committee) on 4 March 2020.
- 1.2. Subsequent to approval of the plan, the Covid-19 pandemic caused Devon & Somerset Fire & Rescue Service (the Service) to employ business continuity arrangements. As a result of these arrangements, the plan was unable to progress in the usual manner with Internal Audit resource re-assigned to the Assurance Cell within the business continuity response structure.
- 1.3. The aim of this report is to update members on progress in delivery of the internal audit plan.

2. **DELIVERY OF THE INTERNAL AUDIT PLAN**

- 2.1. The table below provides an update on the individual areas of work that have been able to progress this year:

Assurance Area	Progress	Update
National Fraud Initiative	In Progress	<p>This is a mandatory initiative for public sector organisations, owned by the Cabinet Office.</p> <p>A new data matching exercise has been completed for 2020-21 and the records have been returned to participants to check and complete any relevant investigation within the next 2 years.</p>
Health and Safety: Personal Protective Equipment (PPE) Audit	In Progress	<p>An audit is in progress to understand how compliant the Service is with guidance provided by the Health & Safety Executive on storage and maintenance of Personal Protective Equipment. The audit is primarily focussed on Helmets, Tunics, Gloves and Boots and will look at training that users have received in using these.</p>
Purchase Card Audit	In Progress	<p>Devon Audit Partnership is reviewing controls on the use of Purchase cards in the Service. This was initiated following identification of a spending increase and consideration of the increased fraud risk associated to Covid-19.</p> <p>This area does not form part of the usual Key Financial Systems audit as the processes are owned by the Procurement Department.</p>

Assurance Area	Progress	Update
Key Financial Systems (Including Payroll)	In Progress	Devon Audit Partnership is undertaking the annual Key Financial Systems audit for the Service. Payroll was previously audited as a separate process. Due to the potential to improve efficiency, the two areas are being audited together for 2020-21.
Culture - Psychological Safety and the Impact of Covid-19	Draft Report Issued	<p>A review was completed by Devon Audit Partnership on controls around ensuring that Service employees feel psychologically safe. This formed part of the Culture audit for 2020-21 and included a survey which was made available to all staff.</p> <p>The draft report is being reviewed currently by the Organisational Development department, and comments provided in the staff survey have been anonymised for review, to allow appropriate actions to be determined based on the findings.</p>
Operational Training Academy	Final Report Issued	<p>★★★ Reasonable Assurance</p> <p>The information for this audit was gathered as the Academy was scheduling commencement of practical training after suspending training due to Covid-19.</p> <p>The key findings were that the Academy had generally sound systems of governance, risk management and control in place. The identified opportunities for improvement formed the basis for actions agreed with the Academy management team. Many of these were already addressed by previously scheduled changes to the Academy, however, those actions which were not already addressed, such as more regular review of the Academy's risk register, have been captured on the Assurance Tracker for regular updates.</p>

3. **ASSURANCE OPINION LEVELS**

- 3.1. One of the key roles of Internal Audit is to provide independent assurance as to how effectively risks are managed across the organisation.

3.2. The following assurance opinion levels have been developed to evaluate and report audit conclusions:

★★★★ Substantial Assurance

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited

★★★ Reasonable Assurance

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

★★ Limited Assurance

Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

★ No Assurance

Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3.3. The assurance levels detailed above are used by both Devon Audit Partnership and by DSFRS Internal Audit.

4. **ACTION TRACKING**

4.1. During Quarter 3, additional focus has been placed on obtaining updates on outstanding actions from the Audit & Review Assurance Tracker.

4.2. The Audit & Review Assurance Tracker records all recommendations and agreed actions arising from key assurance activities, including the following:

- External reviews (including External Audit)
- Annual Statement of Assurance
- Internal Audit (Audit & Review and Devon Audit Partnership)
- Peer Review
- ICT Health Checks

4.3. The Assurance Tracker is available to all employees through the Service Information Point (SIP).

- 4.4. Updates are focussed on the higher priority items (such as those which are associated to high risks, or have deadlines provided by external bodies), however, the total number of overdue items of all priority, continues to decrease. The position as reported at the beginning of 2020-21 Quarter 4, as well as the updated position at 18 February 2021 is illustrated in Figure 1 and Figure 2 below, showing the impact of the additional focus on this area.
- 4.5. The overdue actions are largely linked to longer term project work, such as the Safer Together Programme, that remain ongoing and are monitored through the assurance tracking process. There are no areas which are identified as non-responsive.
- 4.6. Additionally, some open actions have been superseded by changes to the Service structure, digital transformation and other actions. Further work is ongoing to ensure that actions that have been superseded are documented and recorded as closed. This piece of work is expected to be complete by the end of 2020-21, and ongoing reviews will be completed on a regular basis.
- 4.7. When updates are sought on overdue items, new expected completion dates are sought and continue to be monitored. The relatively high number of overdue items seen at the opening of Q3 2020-21 is due to a large number of actions being scheduled for completion at calendar year end 2020. However, the combination of the New Year bank holiday and the impact of Covid-19 meant that updates on these actions could not be obtained immediately. Whilst the actions would have reported as overdue in the Assurance Tracker, the updates subsequently received allowed these to be closed (as demonstrated in the figures for 18 February 2021).

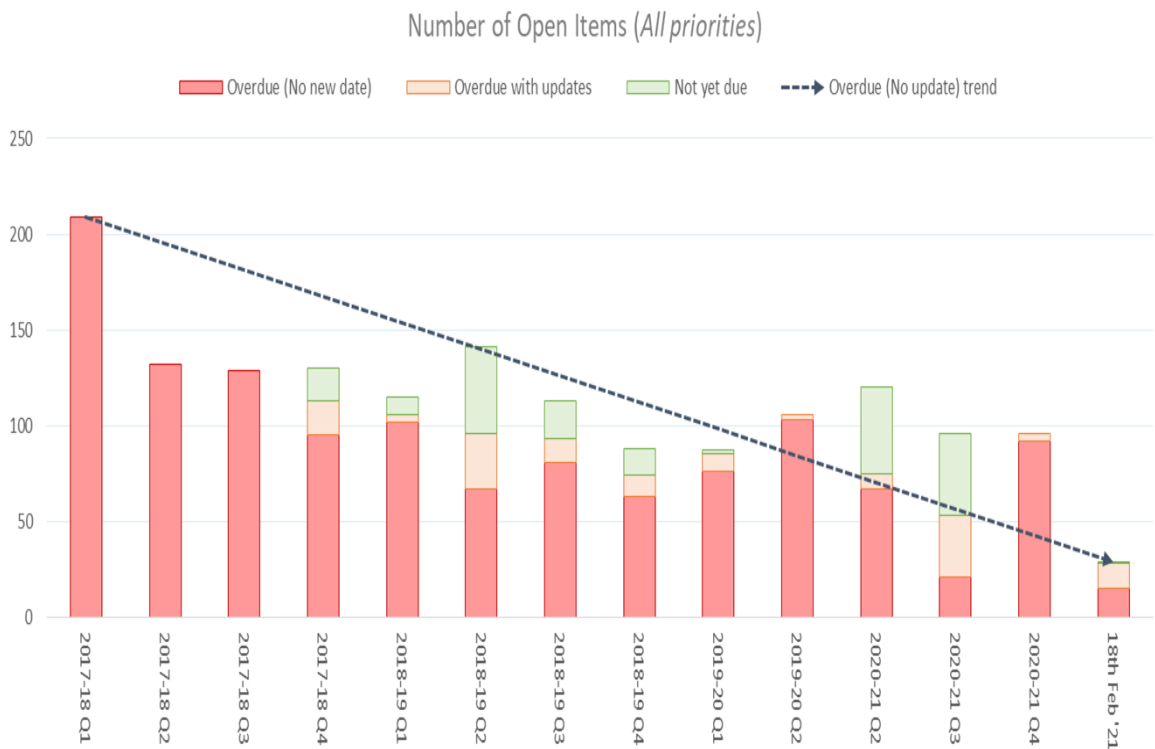


Figure 1 : All open actions by status

Number of Open Items (High / Medium High priorities)



Figure 2 : High & Medium High items by status

APPENDIX 1 TO REPORT APRC/21/2

Internal Audit Planning Process

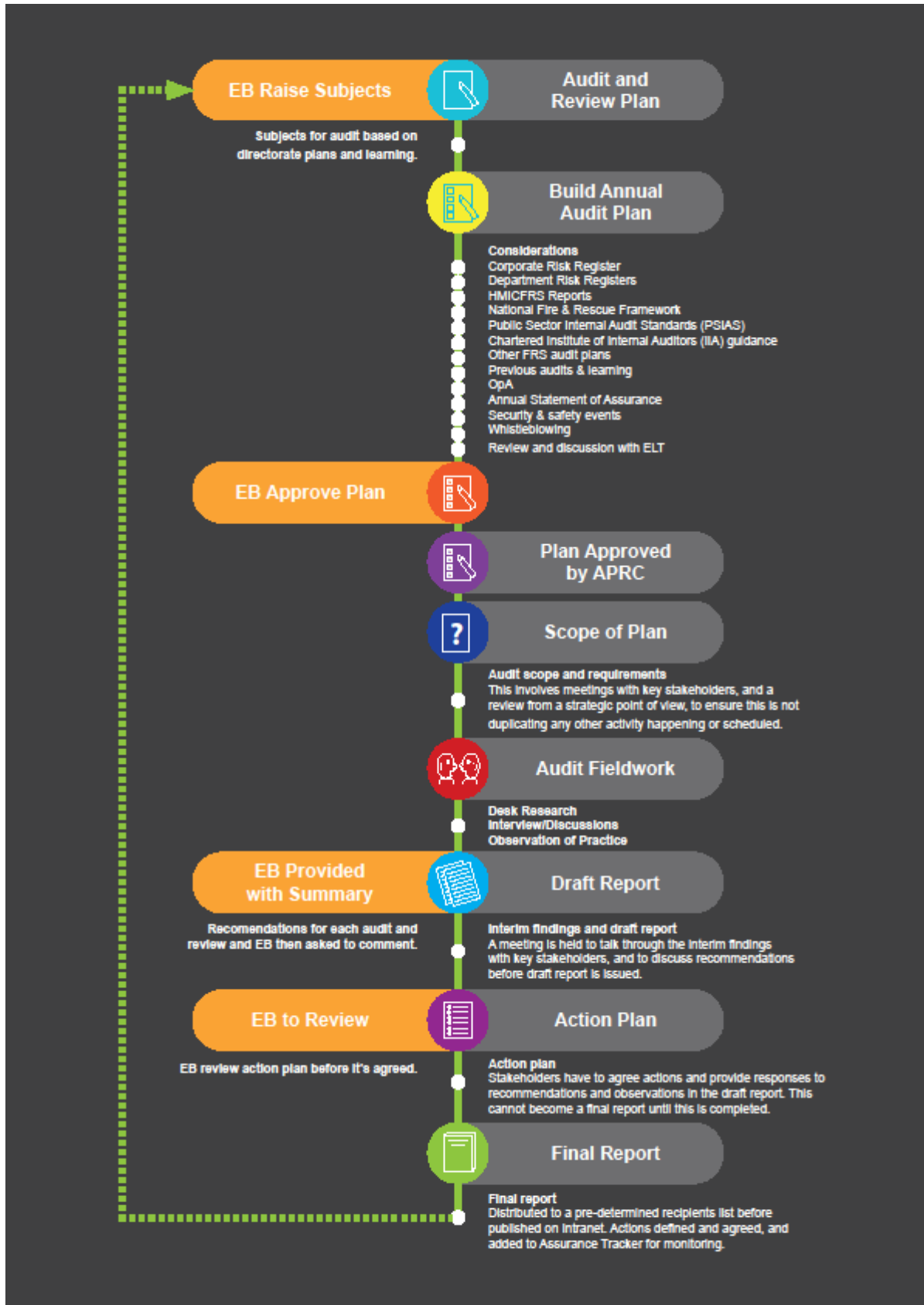


Figure 3: Internal Audit process

This page is intentionally left blank

REPORT REFERENCE NO.	APRC/21/3
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	5 MARCH 2021
SUBJECT OF REPORT	2021-22 DRAFT INTERNAL AUDIT PLAN
LEAD OFFICER	DIRECTOR OF GOVERNANCE AND DIGITAL SERVICES
RECOMMENDATIONS	<i>That the 2021-22 Draft Internal Audit Plan be approved.</i>
EXECUTIVE SUMMARY	<p>The aim of Internal Audit is to provide independent and objective assurance that the Service's risk management, governance and internal control processes are operating effectively.</p> <p>The planned programme of work to achieve this aim is set out in the annual Internal Audit Plan.</p> <p>The draft 2021-22 Internal Audit Plan is now presented to the Audit & Performance Review Committee for approval.</p> <p>The report sets out that an additional 50 days of Devon Audit Partnership (DAP) resource would be used to deliver the Audit Plan. The proposed areas of audit for DAP either require expertise that is not available internally or ensure maintenance of auditor independence and objectivity for the area subject to audit.</p>
RESOURCE IMPLICATIONS	The additional 50 days DAP resource can be met from within the 2021-22 planned budget.
EQUALITY RISKS AND BENEFITS ASSESSMENT	The contents of this report are considered compatible with existing human rights and equalities legislation.
APPENDICES	Nil.
BACKGROUND PAPERS	Nil.

1. **INTRODUCTION**

- 1.1. The aim of Internal Audit is to provide independent and objective assurance that the Service's risk management, governance and internal control processes are operating effectively.
- 1.2. The planned programme of work to achieve this aim is set out in the annual Internal Audit Plan.
- 1.3. The 2021-22 Internal Audit Plan is presented to the Audit & Performance Review Committee (APRC) for approval.

2. **2021-22 INTERNAL AUDIT PLAN**

- 2.1 The work to develop the 2021-22 Internal Audit plan has been undertaken by the Audit and Review Manager with reference to the key strategic documents of the Service, the Corporate Risk Register and discussion with Heads of Departments and the Service Executive Board.
- 2.2 The outcome of this review proposes the inclusion of the following audits in the 2021-22 Internal Audit plan:

Internal resource: Internal Audit and Review Manager

Audit	Rationale	Number of Days
Community Safety: Fire Prevention	The Authority has a statutory responsibility under the Fire and Rescue Services Act 2004 to give fire safety advice and needs assurance that it is prioritising its prevention work to prevent fires and other emergencies from occurring.	20
Light Support Fleet	The light support fleet is not managed centrally and is an area of high expenditure. The Service needs to ensure that processes are effective and efficient in order to demonstrate value for money in the use of this fleet and ensure that the impact of changes to ways of working in response to Covid-19 is considered going forwards.	25
Station compliance	If the Service does not have adequate controls in place then there is a risk that some stations may not be complying with statutory requirements, for example with regard to legionella, gas and electrical safety testing and management of asbestos.	20
Fleet Management	Availability of vehicles/appliances that are fit for purpose forms part of risk CR056 on the corporate risk register. Further to previous audit work in this area and implementation of the fleet strategy, assurance needs to be provided that improvements are being embedded.	20

Audit	Rationale	Number of Days
Working with Children and Young People	Errors in this area could damage the reputation of the Service and could potentially breach the Service's legal obligations with regard to safeguarding. By reviewing the security checks that are currently undertaken, assurance can be provided that the Service is ensuring the safety of its people and the community that it serves.	20
Training: Fitness Testing	Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) reported a Cause for Concern that the Service 'cannot assure itself that operational members of staff meet the minimum fitness requirements to perform their role.' Whilst Service progress in this area is currently subject to re-inspection by HMICFRS, it will be important to provide assurance that equality impacts have been considered and reflected within Service policy and that process changes have been embedded.	10
TOTAL DAYS		115

2.4 Standard internal resource is 200 days for one full time post holder minus the time required to complete the Annual Statement of Assurance, routine reporting, annual Audit Planning, managing the outsourced contract with Devon Audit Partnership (DAP) and managing the follow up of audit actions via the Assurance Tracker.

2.5 Outsourced resource: Devon Audit Partnership (DAP)

Audit	Rationale	Number of Days
Key Financial Systems (inc. Payroll)	This is a fixed part of the audit plan which is presented to the External Auditor on an annual basis.	32
Risk Management	HMICFRS expressed concerns over some aspects of the risk management process. This audit will provide assurance on how well the Service's revised risk management framework has embedded.	15
Use of Data	Wherever possible the Service's work should be data driven to determine how activity is prioritised to ensure that services are provided effectively and efficiently. This data should be readily available, accurate and up to date.	25

Audit	Rationale	Number of Days
Information Security - Availability of systems	Information security is the foundation for high-scoring items on the Corporate Risk Register (CR037 & CR044). This is an area of increasing risk to all organisations, and with rapid increases in remote working and reliance on ICT, good security practices are essential.	20
Application of learning (including HMI and Grenfell)	There are risks associated to both not applying learning, and not being able to evidence that learning has been applied. Failure to apply learning can risk the safety of employees and the public, as well as risk non-compliance with updated regulations.	25
TOTAL DAYS		117

2.6 In previous years approval has been given for 67 days per annum of DAP audit resource. The additional 50 days at a day rate of £272.70 would incur an additional cost of £13,635. The proposed areas of audit for DAP either require expertise that is not available internally or ensure maintenance of auditor independence and objectivity for the area subject to audit. This additional cost can be contained within existing budget provision.

2.7 If resource allows, or work is re-prioritised for other reasons during the year, then it is proposed that a 20 day audit of Operational Training is also undertaken. This would focus on an efficiency audit of Academy processes or a review of the training for competence model.

NEXT STEPS

3.1. The Corporate Assurance Manager will work to ensure that the agreed internal audit plan is resourced and delivery is planned and scheduled in accordance with risk levels and the operational exigencies of the Service.

MIKE PEARSON

Director of Governance & Digital Services

Agenda Item 9

REPORT REFERENCE NO.	APRC/21/4
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	5 MARCH 2021
SUBJECT OF REPORT	DRAFT 2019-20 ANNUAL STATEMENT OF ASSURANCE
LEAD OFFICER	Director of Governance & Digital Services
RECOMMENDATIONS	<i>That that the draft Annual Statement of Assurance appended to this report - required to accompany the 2020-21 final accounts – be approved in principle and submitted to the External Auditor alongside the draft Statement of Accounts for the same financial year.</i>
EXECUTIVE SUMMARY	<p>To comply with both Accounts and Audit Regulations and the Fire & Rescue Service National Framework, the Authority is required to produce and publish an Annual Statement of Assurance on financial, governance and operational matters and show how the Authority has had regard to both its Integrated Risk Management Plan and the expectations in the Fire & Rescue Service National Framework.</p> <p>The Annual Statement of Assurance is primarily backward looking but also features an action plan to address, in the forthcoming financial year, any significant governance issues identified as part of the review process.</p> <p>This year, additional consideration has been given to the impact of Covid-19 on the Governance arrangements within Devon & Somerset Fire & Rescue Service. Whilst Covid-19 has undoubtedly presented many challenges, the Annual Statement of Assurance reflects the ways in which the Service has adapted and responded to those challenges.</p> <p>The draft Statement of Assurance for 2020-21 will be submitted, along with the draft 2020-21 Statement of Accounts, to the Authority’s external auditors for review.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	A. 2020-21 Draft Annual Statement of Assurance

**BACKGROUND
PAPERS**

1. The Accounts & Audit Regulations 2015
2. The Fire & Rescue Service National Framework



DEVON &
SOMERSET
FIRE & RESCUE SERVICE

Devon and Somerset Fire & Rescue Authority

2020-21 Annual Statement of
Assurance

Devon and Somerset
Fire & Rescue Authority

15/02/2021

Contents

1 Introduction 3

2. Operational 4

3. Governance 16

4 Financial Assurance..... 26

5 Future Improvements..... 29

6. Conclusion 30

DRAFT

1 Introduction

- 1.1 The Devon and Somerset Fire and Rescue Authority (“the Authority”) recognises that good governance supports the setting of clear objectives, effective management of risk to delivery of these objectives, delivery of defined performance standards, accountability in the use of public money, continued public engagement and helps to deliver the Authority’s vision and defined outcomes for the community that it serves.
- 1.2 The Authority is responsible for:
- Ensuring that there is a sound system of governance in place.
 - Ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for.
 - Meeting its duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
 - Preparing an annual governance statement in support of its Statement of Accounts in line with the Accounts and Audit (England) Regulations 2015. This is an expression of the measures taken to ensure appropriate business practice, high standards of conduct and sound governance.
 - Publishing an annual Statement of Assurance as required by The Fire and Rescue National Framework for England (May 2018). The statement should outline the way in which the Authority and its Fire and Rescue Service has had regard to the Framework, the Integrated Risk Management Plan and to any strategic plan (e.g. the Fire and Rescue Plan) prepared by the Authority for that period. Each Authority must also provide assurance to their community and to government on financial, governance and operational matters.
- 1.3 The Authority has agreed that the most appropriate way to meet both the National Framework and the Accounts and Audit (England) Regulations 2015 requirements is through the creation of one assurance report entitled ‘Annual Statement of Assurance’. The Annual Statement of Assurance details the approach for how the Authority has developed and applied its governance framework in accordance with its statutory responsibilities.

2. Operational

- 2.1 The Authority functions within a clearly defined statutory and policy framework. The key documents setting this out are:
- Fire and Rescue Services Act 2004
 - Civil Contingencies Act 2004
 - Regulatory Reform (Fire Safety) Order 2005
 - Fire and Rescue Services (Emergencies) (England) Order 2007
 - Localism Act 2011
 - Accounts and Audit Regulations 2015
 - Fire and Rescue National Framework for England 2018
- 2.2 In addition, other key statutes include:
- Local Government Act 1972
 - Local Government Finance Act 1988
 - Local Government and Housing Act 1989
 - Local Government Finance Act 1992
 - Local Government Act 2003
- 2.3 Within this statutory framework, the Authority has three main responsibilities: to determine a strategic policy agenda for its area; set a budget to fund delivery of the policy agenda; and to undertake scrutiny to ensure that intended outcomes are being achieved efficiently, effectively and in accordance with statutory requirements. The Authority creates the organisational capacity to 'operationalise' these responsibilities through the Devon and Somerset Fire and Rescue Service (the Service), which is led by the Chief Fire Officer.

Planning, Performance and Continuous Improvement

- 2.4 The Authority's strategic plans are detailed in three key corporate documents: the [Integrated Risk Management Plan](#), the [Fire & Rescue Plan](#) and the [Safer Together Programme](#).
- 2.5 The Integrated Risk Management Plan requires the Authority to determine and analyse the risks present within the communities that it serves and is a statement to the public about how its Prevention, Protection and Response activities will address these risks. The plan is subject to regular review, with the present document covering the period 2018-22. Work has commenced on developing the next iteration.
- 2.6 The Fire & Rescue Plan 2018-22 details the Service's strategic intent for improvement, and contains the Vision, Purpose and Values by which its staff are encouraged to operate. The plan focuses on six priorities: service delivery; people; value for money and use of resources; governance; collaboration; and digital transformation.

- 2.7 In 2019, the Safer Together Programme was borne out of the change and improvement activities identified as necessary for the delivery of the Integrated Risk Management Plan and the Fire & Rescue Plan. The programme sets out the prioritised and sequenced work required to achieve the optimal balance between efficiency and effectiveness of the service provided to our communities. The programme is governed by a programme board, chaired by a member of the Service Executive Board, with the constituent projects each having their own project boards and jointly governed by the Business Design Authority. The Business Design Authority is concerned with ensuring that all of the business outputs of the projects remain aligned to the Service's future state and strategic objectives. It also allows the wider Service Leadership Team (Heads of Departments) to identify any dependencies with work that may be taking place in their area which is not in the programme to ensure that as a Service, we are building the right capability. It allows the Service Leadership Team to apply scrutiny to the deliverables of the programme. The programme and project boards and the Business Design Authority have continued to operate virtually throughout 2020-21.
- 2.8 The supporting work to deliver these strategic plans is cascaded via plans made by directorates, departments, groups and capabilities. As well as aligning to the priorities set by the Authority, these plans reflect the pillars of inspection by Her Majesty's Inspectorate of Constabulary & Fire & Rescue Services (the Inspectorate), and describe how, at operational levels, the strategic plans will be delivered. The Directorate Statements and Department/Service Plans are reviewed at least quarterly by their respective management teams.
- 2.9 A review of the Service's planning framework and capability has commenced and has identified areas of improvement that will support better continuity of objectives from the strategic to the operational level. The planning templates are being replaced by a software product that will support improved accountability and ownership of activities and engender a positive culture whereby every team will be able to see how its work contributes to achieving the Authority's objectives.
- 2.10 The Service continuously strives to improve. It aims to do this in a number of ways, through horizon scanning for emerging risks and opportunities, to constantly reviewing processes and policies to ensure that it is delivering in an efficient and effective manner and delivering value for money to its communities.

Process for Operational Assurance

- 2.11 In accordance with the Authority's commitment to public and staff safety, the Operational Assurance Team ensures that all learning submitted nationally is positively utilised to review current ways of working, implement improvements where necessary, and to raise awareness across the Service. National and

regional learning is fed in and out of the Service via a number of different pathways, which include:

- National Operational Learning.
- Joint Organisational Learning.
- Coroner's Regulation 28 - Prevention of Future Death reports.
- Health and Safety Executive recommendations.
- Local Resilience Forum debriefing focus group.
- South West Regional Operational Assurance Group.

2.12 The Operational Assurance Team is a key stakeholder in a number of these groups which enables the Service to play a vital role in ensuring that all learning received drives positive organisational change in a timely manner. The Team also strives to promote a culture where all internal learning and best practice, identified from a variety of activities linked to operational response, is shared and communicated in a way that supports self-development and organisational improvement, including regular updates on internal social media, a dedicated intranet repository for employees to use, and via posters and printed media for stations.

2.13 A process has been developed to enable the effective management of identified learning and outcomes, which is achieved through:

- Operational monitoring and feedback.
- Debriefing incidents and training exercises.
- National and regional learning.
- Audit and engagement with all key stakeholders within the Service.

2.14 Debriefs provide the opportunity for operational personnel to identify good practice and any lessons learned for further improving the delivery of service. An operational debrief strategy and policy is in place within the Service, and is currently subject to review to ensure consistency with new national guidance.

2.15 The Operational Assurance Team has adapted its working practices throughout the current pandemic to ensure a minimal impact on the Service's ability to capture and manage organisational learning and best practice.

Training and Development - Academy

2.16 The Service, through its Training Academy, has enabled the delivery of quality assured training to its staff to improve safety and overall effectiveness, which is underwritten by the ISO 9001 (2015) Quality Management Framework. The Executive Board monitor performance in this area through a Service Delivery dashboard which specifically outlines the number of staff and type of skills that are 'in date' for assurance purposes. In addition, where new training requirements are introduced (e.g. Marauding Terrorist Attacks), the Academy can introduce e-learning and other training quickly across the whole organisation.

- 2.17 Training is an essential activity, helping to keep staff and the public safe from harm. Following the initial Covid-19 lockdown in March 2020, all training was temporarily suspended for a short period. The Training Academy then commenced a planned and phased resumption of training, focusing initially on high risk activities such as Breathing Apparatus, Incident Command and Driving.
- 2.18 The Service has put strict safety measures in place, supported by risk assessments, to make sure that all training venues are Covid-19 secure. This enabled other elements of training to be gradually re-introduced. As the country has moved in and out of lockdown the Training Academy has strived to continue to provide as much training as possible, maintaining the overall focus on staff safety and welfare.
- 2.19 The Service continues to invest in new vehicles to assist in the delivery of training, such as an additional mobile Incident Command Training Vehicle which has received excellent feedback. The e-learning system continues to grow, enabling student access to theoretical elements of training from a range of access points, for example tablets and laptops. This enables a greater focus on practical based training on drill night sessions.

Commitment to Health & Safety

- 2.20 The Authority recognises and accepts its responsibility for the health, safety and welfare of its employees and others who may be affected by its activities. To achieve this, the Service works to meet all relevant requirements of the Health & Safety at Work Act 1974 (together with all other statutory provisions associated with it) and support staff in meeting their obligations under the Act and subordinate legislation. The Chief Fire Officer currently chairs the Strategic Safety Committee.
- 2.21 Health, Safety and Wellbeing has been identified as a key theme within the Service's People Strategy. Progress towards achieving the underpinning aims of this strategy is monitored via the People Strategy monitoring group.
- 2.22 Elements of the People Strategy have been accelerated in order to respond to the Covid-19 pandemic, for example, remote and more agile working for employees, home working provisions and promotion of the welfare provisions available to all employees.

- 2.23 Detailed health, safety and welfare arrangements are set out in Service policies developed to take account of relevant legislation and guidance, including the Health and Safety Executive's HS(G)65 methodology. The policies provide employees with relevant and comprehensive information on the risks they face and the preventative and protective measures required to control them. The policies also identify the roles and responsibilities of those employees who have a duty to ensure that measures are implemented. Additional safe systems of work, risk assessments and guidance for employees have been developed to support employees during the Service response to the Covid-19 pandemic.
- 2.24 Systems for monitoring the effectiveness of health and safety management procedures are in place; this includes proactive and reactive monitoring. The processes include air sampling on station of diesel engine exhaust emissions, provision of accident and near miss incident data to the Strategic Safety Committee for review, annual completion of premises Health, Safety and Welfare Assessment Report Forms, Covid-19 Secure audits and a means to fully audit the organisation's Health and Safety management systems.
- 2.25 Procedures are in place to report all safety events, allocate an investigator and where required make recommendations for corrective action to be completed. Functional and process issues were encountered with the software solution for reporting safety events, which impacted on the recording and management of safety event investigations as well as the ability to monitor accidents through trend analysis. This has been raised on the Corporate Risk Register and work is progressing with the development of a replacement Safety Event Management System to enable this process to work more effectively.
- 2.26 Effective management of, and learning from, safety events also relies upon the right cultural conditions to support this. The Service's People Strategy sets out the intention to identify the cultural conditions needed to meet the Service's aspirations, to work together to grow the ideal work environment and also sets out the intent to be a learning organisation and to have an engaged health and safety culture. Through research, observation, feedback from the Inspectorate, staff survey and cultural audit around psychological safety, it has been identified that the key cultural condition that the Service needs to embed is psychological safety; people need to feel included and feel safe to speak up, to learn, to contribute and to challenge.
- 2.27 The approach that the Service is now taking, based on theories of psychological safety and, in terms of Just Culture, drawing on experience from Civil and Military Aviation, is to support positive leadership behaviours and employee relationships to improve the health safety and wellbeing of everyone. This addresses both behaviours around fairness and respect and creating an engaged safety culture, ultimately supporting high performance. This intervention is called 'Safe To' and means Safe To:
- learn – sharing and learning from our experiences, successes and mistakes.

- contribute – sharing our ideas to make things better.
- challenge – where things aren't right with working practices, behaviours and values.

2.28 This work may reduce work related poor mental health impacts and is designed to create an inclusive supportive culture where there is simply no place for bullying and harassment. This initiative is being supported with processes to ensure the top level commitment is supported with organisational procedures and support.

Fleet, Equipment and Water Supplies

2.29 A Fleet and Equipment Workstream forms part of the Safer Together Programme. The governance and reporting to deliver the two main investment projects in relation to this strategy are; Fleet Capital Programme and the Asset Management Project. To date both are on track for completion.

2.30 The Service adheres to the National Fire Chiefs Council Best Practice Manual for the maintenance of Fire Service Vehicles.

2.31 In 2020 the service upgraded its fleet management system as part of the asset management project.

2.32 Under the Fire and Rescue Services Act the Authority has a duty to secure water. Adopting the National Guidance Document for provision of water for fire-fighting purposes (2017), the Service operates a risk based approach for the 70,000+ hydrant management and maintenance requirements.

Collaborative and Partnership Working

2.33 The Service is committed to forming or joining partnerships that assist it in achieving its organisational objectives and contribute to its core purpose “to Protect and Save”.

2.34 The Service continues to strengthen its partnership working with other fire and rescue services, blue light services, local authorities, community groups and other organisations by working to common objectives at the local, regional and national level. The improvement of prevention and protection work is a major priority and the Service also contributes to wider community objectives identified in Local Area Agreements where appropriate.

2.35 The Service established the South West Emergency Service Collaboration Forum and the Chair of the Fire Authority is the appointed Chair of this regional forum. The Chief Fire Officer is the regional coordinator and is supported with a vice chair from Devon and Cornwall Police at Assistant Chief Constable level.

- 2.36 Collaborative working continued to grow through the South West Emergency Services Collaboration, to achieve a number of agreements. The working group is continuing to liaise and work together on new pieces of work, and has changed from a group that worked together to reach agreement on changing practice in individual organisations into a good practice sharing forum. For example, the Service will share its experience of the trial on community responders (the dual role of a firefighter and special constable) and police access to fire stations.
- 2.37 A Tripartite agreement was formed in response to the Covid-19 pandemic, between the National Fire Chiefs Council, the Fire Brigades Union and fire service national employers, which outlined additional responsibilities that fire and rescue services could assist with to further help support their communities and partner agencies.
- 2.38 In line with the Tripartite agreement, the Service provided employees to support ambulance personnel, as well as to provide support to Nightingale hospital transfers and to complete face-fit testing of PPE for other services and for care home staff. Risk assessments were completed for any other requests for assistance that have arisen.
- 2.39 The Service also provided driver familiarisation training packages and driving assessments for ambulances to Service employees and to those from other fire and rescue services.
- 2.40 The Service has extended the trial of Community Responders by a further year (until January 2022) and is seeking to extend the hours that this team is available to provide more community support.
- 2.41 The Police and Fire Community Support Officer roles which were previously trialled, have been maintained in North Devon. Agreement was gained in 2020-21 to recruit two additional employees into this role, which can be provided in alternative areas of Devon.
- 2.42 Throughout the Covid-19 pandemic, the Service provided support to the Local Resilience Forums, which included establishing a Strategic Community Support cell and a volunteer co-ordination cell for the Devon, Cornwall, and Isles of Scilly Local Resilience Forum. The Chief Fire Officer also represents Chief Fire Officer colleagues in the region on a weekly Regional Strategic Coordinating Group which includes health, local authority, military and emergency service partners to coordinate activity related to the Covid-19 pandemic. Partnership working was commended by the Inspectorate and their letter as to findings can be seen on the Inspectorate's website.

2.43 In terms of Fire/Fire collaboration, the five South West Chief Fire Officers meet bi weekly to discuss opportunities and share learning. A key outcome of this work is the regional commitment to the South West Ambulance Service for Firefighters to drive ambulances and the Service is the regional Fire lead for this work. These discussions have also seen key risk information and desktop reviews with presentations shared between Chief Fire Officers and cascaded within respective services.

Co-Responding

2.44 The Authority has a formal partnership agreement in place with the South Western Ambulance Service to provide a co-responder medical response (an initial medical provision to stabilise casualties in life-threatening emergencies prior to the arrival of the ambulance service). Any indemnity of health service activity has been covered by the Coronavirus Act 2020 during this reporting year.

Civil Contingencies

2.45 The Emergency Planning Team is responsible for ensuring that the Service meets the Authority's obligations as laid out in the Civil Contingencies Act 2004 and the Fire Services Act 2004.

2.46 Effective arrangements are in place to collaborate with partners through Local Resilience Forums, the National Inter-Agency Liaison Officers network and Safety Advisory Groups which support multi-agency planning activity and the Critical National Infrastructure in line with Joint Emergency Services Interoperability Principles.

2.47 The Service has created a specialist team of volunteers to respond to Marauding Terrorist Attacks. Following changes in the National Planning Assumptions, the Service has supplemented this capability with a further 16 specialist responders based at Plympton, funded via a Home Office grant.

2.48 This Marauding Terrorist Attacks capability has been established in order to support specialist emergency service response alongside Police and Ambulance responders in response to a Marauding Terrorist Attack incident within the Authority area or, under National Mutual Aid, to any other location within the UK as requested. The overall aim is to save life, and the two main strands of fire and rescue support during this type of incident are for casualty care and fire hazard management.

2.49 The capability is made up of two key groups; National Interagency Liaison Officers and Specialist Response Team Operatives. Both of these groups undergo specialist training for responding to the Marauding Terrorist Attack threat, but fulfil different specific functions within a response. In addition, all operational staff have recently completed an e-learning module to support awareness and to improve preparedness of all staff who may be faced with such an event.

National Resilience

2.50 The National Resilience Capabilities are comprised of a number of specialist capabilities which are funded by the English Government via lead Government Department the Home Office and hosted within English fire and rescue services.

2.51 The National Resilience Capabilities hosted by the service are Urban Search & Rescue, High Volume Pumping, Chemical, Biological, Radiological and Nuclear (explosion) Mass Decontamination and Command & Control (Enhanced Logistics Support).

2.52 The Capabilities are managed and assured on behalf of the Home Office by the National Resilience Assurance Team, supported under a Lead Authority arrangement by Merseyside Fire & Rescue Service.

Over the Border Mutual Aid Arrangements

2.53 Sections 13 and 16 of the Fire and Rescue Services Act 2004 allow mutual assistance arrangements to be agreed with neighbouring Services to improve resilience and capacity in border areas. The Authority has in place contractual agreements with neighbouring fire and rescue authorities for response to incidents requiring their support.

2.54 In addition to sections 13 and 16 there is a partnership agreement between the Authority and Dorset & Wiltshire and Hampshire fire and rescue authorities to provide a common, networked mobilising system with the principal aim of ensuring that the response mobilised to an incident is always the nearest and most appropriate resource/s based upon travel time and attributes (i.e. having the necessary skills or equipment) to deal with the incident.

2.55 Further work is underway to ensure cross border training and awareness is undertaken, supported with exercises where appropriate.

Networked Fire Services Partnership

- 2.56 The Networked Fire Services Partnership is a significant collaboration between three fire and rescue services (Hampshire, Devon & Somerset and Dorset & Wiltshire) initially set up to deliver a networked fire control solution, which was achieved in April 2016. An Information Governance Partnership Group meets regularly to review the required governance procedures that are required under legislation and monitor current and emerging risks to the information the system holds. A risk remediation plan is in place to ensure that security risks are managed effectively, supplemented by an annual IT health check for assurance. This supports the Authority's compliance with the Airwave Code of Connection and the upcoming Emergency Services Network, which is due to replace the Airwave service.
- 2.57 Subsequently the Networked Fire Services Partnership has committed to scoping further collaboration opportunities that will support all three services in achieving increased effectiveness and efficiency as well as sharing and developing good practice with regards to staffing issues.

Business Continuity and Resilience

- 2.58 The Service has a Strategic Business Continuity Policy which sets out the corporate business continuity management structure and goals for business continuity assessment, training and exercising. The Service also has a business continuity framework that details how the organisation will respond to specific disruptions.
- 2.59 The Service has 36 tactical business continuity plans in place to ensure that it is prepared for a range of threats and challenges. Business Continuity Management processes are also undertaken so that the Service can continue the delivery of services following a disruptive incident.
- 2.60 The Business Continuity Manager is responsible for providing specialist advice and guidance on business continuity issues, including the co-ordination, development, implementation and review of business continuity plans, processes and procedures.
- 2.61 The Service has a statutory responsibility to conduct business continuity as mandated in The Civil Contingencies Act 2004. The Service embraces the principles of 'Plan, Do, Check, and Act' and aligns with aspects of the ISO: 22301 (Societal Security – Business Continuity management systems and requirements).

- 2.62 On 23 March 2020 the Service activated strategic and tactical business continuity plans in accordance with the national Covid-19 lockdown arrangements and the organisation moved into a 'response' posture. The following measures were implemented:
- All employees were mandated to 'work from home' where possible.
 - Daily tactical telephone conferences were held to ensure that managers were regularly updated. Actions and decisions were recorded and distributed.
 - The Service Extended Leadership Team met regularly to ensure that appropriate Strategy was set.
 - Regular corporate communications messages were distributed to employees.
 - Avon & Somerset Local Resilience Forum and Devon & Cornwall and the Isles of Scilly Local Resilience Forum held daily multi-agency teleconferences. The Service was a key stakeholder and was represented at strategic and tactical levels.
 - The Business Continuity Manager engaged with both Local Resilience Forums and the National Fire Chiefs Council in order to share best practice and monitor the local and national situation.
 - Strategic and tactical business continuity plans were regularly updated to ensure that actions and decisions were recorded.
- 2.63 In September 2020 a tactical exercise was conducted in order to rehearse the potential response to a localised lockdown. An appropriate exercise debrief was conducted and an exercise report was distributed.
- 2.64 In October 2020 strategic and tactical debriefs were conducted to identify potential areas for improvement throughout the response phase. Appropriate reports were written and distributed.
- 2.65 During November 2020 the Service was subject to an inspection by the Inspectorate. The audit focused specifically on the organisational response to the Covid-19 pandemic. The Inspectorate's findings were published in January 2021 and concluded that "In line with good governance, the Service had a pandemic flu plan and business continuity plans in place, which were in date. These plans were activated. The plans were detailed enough to enable the service to make an effective initial response, but understandably, they didn't anticipate and mitigate all the risks presented by COVID".
- 2.66 On 18 December 2020 the Service held a strategic business continuity exercise in order to identify potential gaps in planning while dealing with concurrent events, for example Covid-19 and a no deal Brexit.
- 2.67 A Covid-19 Integrated Risk Management Plan was introduced which has driven a number of changes to the work that would usually be undertaken, the most significant of which were:

- Home safety technicians redeployed to provide telephone fire safety advice to approximately 2,000 people that had existing bookings. Full visits will take place for those clients upon return to business as usual.
- Home safety technicians working with local councils to visit those that are shielding due to age and / or long-term health effects.
- Insight driven communications have targeted members of the public to alert to the dangers around emerging risks and changing behaviours. This included risks around barbecues, garden bonfires, road risk, water safety and advice for businesses.
- Businesses with Site Specific Risk Information were contacted to confirm that all information held is up-to-date.
- A technical fire safety helpdesk was established to support businesses during working hours.
- The introduction of National Fire Chiefs Council desktop fire safety audits.
- Bespoke technical fire safety support provided to key sectors, such as healthcare and care home providers.
- The introduction of risk-based compliance checks of communal areas of high rise residential buildings.
- Provision of guidance to businesses throughout the phases of lockdown, such as 'closing your business', 're-opening your business' and frequently asked questions. The Service is in the process of producing further communications to support those businesses balancing Covid-19 secure requirements with fire safety.
- Planning of up to date training for Service employees on care homes, factories and high-rise buildings.
- Protection team mask fitting and training and access to Personal Protective Equipment for 'dangerous conditions' inspections.
- Consultation and support provided to the design and build of the Nightingale Hospital in Exeter.

2.68 The Covid-19 business continuity event has provided the Service with the unique opportunity to review and ensure that all department and strategic plans pull in the same direction.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (the Inspectorate)

- 2.69 The Inspectorate undertook its first annual assessment of fire and rescue services in 2018-19. The assessment examined services' effectiveness, efficiency and how well they looked after their employees. The Inspectorate was satisfied with certain aspects of the performance of the Service but there were several areas where improvement was needed. In particular, a Cause for Concern was raised regarding the fitness testing of firefighters. The Service implemented an action plan in response.
- 2.70 The Service has a Physical Fitness Policy and three dedicated Fitness Advisors in post to support firefighters to attain and maintain the fitness standards that are required for their role. The Service has also introduced Fitness Advocates who are existing operational employees that provide an additional fitness role to the Service and are qualified to a minimum of a Level 2 Gym Instructor.
- 2.71 Service fitness culture and results improved by 13.78% during 2020-21, despite significant adjustments due to Covid-19. The Inspectorate is currently planning a re-inspection to assess the Service's improvements in this area.
- 2.72 The Service commissioned an external review of how it manages its people. A number of internal changes have been made and the Service is working to identify a longer term plan for implementing the People Strategy.
- 2.73 In 2020, the Inspectorate conducted inspections of England's fire & rescue services, assessing and reporting on their response to the Covid-19 pandemic. This inspection reported overwhelmingly positive findings for the Service, with the recommendations that the Service explores how to implement innovative ways of working for the longer term and that the use of whole time firefighters for other roles could be explored whilst also protecting them against Covid risks. Actions to address these recommendations are currently being explored.

3. Governance

Code of Corporate Governance

- 3.1 The Authority has approved and adopted a Code of Corporate Governance, consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy) / SOLACE (Society of Local Authority Chief Executives) framework "Delivering Good Governance in Local Government". A copy of the Code is on the Authority's [website](#) or can be obtained from the Clerk to the Authority. This Statement explains how the Authority has complied with the Code.

Review of Effectiveness

- 3.2 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control. The review of the effectiveness is informed by the work of senior managers within the Service who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other review agencies and inspectorates.
- 3.3 The 2020-21 review has identified the following key elements to the Authority's governance arrangements.
- (1) The Authority was constituted under the Devon and Somerset Fire and Rescue Authority (Combination Scheme) Order 2006. The Authority has strategic responsibility for discharging fire and rescue authority functions for the combined area with the day-to-day responsibility resting with the Chief Fire Officer and other officers within the Executive Board.
 - (2) During the 2020-21 financial year, the Authority comprised 26 Members appointed by the constituent authorities (Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council). In addition, an "independent person" is appointed in accordance with the requirements of the Localism Act 2011 and in June 2019 the Authority agreed to the appointment of a second independent person in line with recommendations made by the Committee on Standards in Public Life following its review of local government ethical standards.
 - (3) During the 2020-21 financial year, the Authority operated with the following permanent committees:
 - Resources Committee (7 Members)
 - Human Resources Management & Development Committee (7 Members);
 - Audit & Performance Review Committee (7 Members);
 - Community Safety & Corporate Planning Committee (6 Members);
 - Appraisals and Disciplinary Committee (4 Members); and
 - Standards Committee (7 Members).
 - (4) Terms of reference for each of these committees were approved by the Authority. The committee structure (including terms of reference) is subject to annual review but may also be amended in-year as circumstances dictate.

- (5) The Audit & Performance Review Committee operates in accordance with the CIPFA best practice guidance on audit committees. It provides an additional level of review and scrutiny of the Authority's internal and external audit arrangements (including consideration and monitoring of any reports and associated action plans), corporate governance and risk arrangements and financial statements (Annual Statement of Accounts). The Committee has responsibility for the operation of the Authority's strategy for the prevention and detection of fraud and corruption and monitors performance of the Service.
- (6) The constitutional governance arrangements are contained in the following documents:
- Members Roles and Responsibilities
 - Standing orders
 - Financial Regulations
 - Treasury Management Policy
 - Contract Standing Orders
 - Scheme of Delegations
 - Members Code of Conduct
 - Protocol for Member / Officer Relations
 - Policy on Gifts and Hospitality
 - Scheme of Members Allowances
 - Corporate Governance Code
 - Confidential Reporting Policy (Whistleblowing" Code)
 - Strategy on the prevention and Detection of Fraud and Corruption
 - Code of Recommended Practice on Local Authority Publicity
- (7) These documents, with the exception of the Code of Recommended Practice on Local Authority publicity (which is a national document issued by the Government under Section 4 of the Local Government Act 1986), are subject to review at least annually and are updated as and when necessary to reflect legislative change, organisational change or best practice, as relevant, to ensure that they remain up-to-date and fit for purpose. The documents are available on the Authority's [website](#).
- (8) The Authority's Treasurer is responsible for ensuring that effective financial stewardship is in place across the Service in conducting the business of the Authority. The Authority's financial management arrangements conform to the governance requirements of the "CIPFA Statement on the Role of the Chief Financial Officer in Local Government".

- (9) The statutory functions of the Treasurer and the Monitoring Officer provide a source of assurance that the Authority's systems of governance and internal control are effective and being complied with.
- (10) The effective management of risk is critical for the Service to ensure that it maintains services and continues to progress effectively towards achieving its strategic objectives. The risk management framework provides a structured way to deal with uncertainty which can help everyone in the Service to manage their area effectively. The Service risk management framework has been reviewed and updated and now includes the risk escalation and de-escalation process that ensures that risks are considered at appropriate levels within the Service.
- (11) The Service risk registers are updated and reviewed periodically. This process in turn informs the Corporate Risk Register. The Service only escalates risks to the Corporate Risk Register if they cannot be managed or mitigated at the department or directorate level. The Authority's Corporate Risk Register is reviewed by Service management on a monthly basis (dependent on the level of risk) to ensure that risks to the Authority's strategic objectives and corporate plans are appropriately identified and managed. Horizon scanning has now been introduced into Service management review of the Corporate Risk Register to support deep dive risk identification and assessment. Corporate Risks are presented to the Audit & Performance Review Committee every six months.
- (12) The Authority maintains comprehensive insurance cover to support its management of organisational risk. The Authority is a member of the Fire and Rescue Indemnity Company (FRIC), the mutual protection provider that has 12 fire and rescue authority members and has completed its fifth year of operations culminating in surplus being achieved every year since it was formed, with a current total of in excess of £1m. This is a significant result for FRIC and shows what can be achieved when fire authorities collaborate in an innovative and mutually beneficial manner. The surplus generated would otherwise have been lost to the public sector, but instead it can be retained to support further improvements and drive better risk management and, ultimately, deliver lower costs for FRIC's members. For example resources allocated to the motor claims reduction project delivered FRIC claim contact cards that are carried in every vehicle. This has resulted in a reduction in motor claims numbers and costs.

- (13) The 2020-21 Internal Audit Plan resource was approved by the Audit & Performance Review Committee on the 4 March 2020. The plan set out the combined resource required for internal assurance activity to be completed by the Service's Audit & Review Manager and the Authority's shared service internal audit arrangements with Devon Audit Partnership. The latter conforms to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public service organisations.
- (14) Due to the Covid-19 pandemic, the plan was not fully delivered, with internal audit resource reassigned to an assurance role as part of the business continuity arrangements. The plan was subsequently re-prioritised and internal audits completed on higher priority subjects. The Authority also participates in the biennial National Fraud Initiative scheme. A new data matching exercise was completed in 2020-21, with results being due for release to participants to review.
- (15) The Service has a Strategic Health & Safety Committee which meets quarterly to monitor health, safety and welfare of employees as per section 2(7) of the Health and Safety at Work Act 1974. All representative bodies (trades unions) recognised by the Authority, i.e. the Fire Brigades Union, the Fire and Rescue Services Association, the Fire Officers Association and UNISON are invited to sit on this Committee.
- (16) The Human Resources Management and Development Committee receives a report on the Health, Safety and Wellbeing of the Service which is positively received. The report helps the Committee to monitor and question performance in these areas on behalf of the Authority.
- (17) The Organisational Safety and Assurance Manager attends the National Fire Chiefs Council (NFCC) Health & Safety meetings and chairs the regional NFCC Health & Safety meetings. The Health and Safety Manager has assumed the responsibility for this from January 2021.
- (18) A governance framework has been prepared for change management, which defines roles and responsibilities and outlines the methodology that will be applied as the Service adopts a centralised Portfolio office approach to all requests for strategic change.

- (19) The Service monitors compliance with the Personal Information Management System to provide assurance that handling of personal information is compliant with General Data Protection Regulation. This is an industry / British standard known as PIMS (ISO27701) which is effectively a personal information framework for managing and monitoring compliance. Wider monitoring of the Personal Information Management System was reduced this year as a result of invoking business continuity plans. Performance of critical compliance areas including responding to Subject Access Requests and Freedom of Information requests, remains in place with a high level of compliance achieved. Information Risk Assessments have matured as a result of being in a response phase with the introduction of Technical Security Assessments which have enhanced how the Service manages its information risk and demonstrates its risk appetite. The Information Assurance Team is undergoing a transformational restructure to add further value by becoming an Information Governance function. This will include ownership of records management and achieve a consistent standard for managing information throughout the organisation.
- (20) Contract Standing Orders are subject to annual review and in-year changes as and when required. Guidance materials on procurement and contract management are available on the Authority's [website](#) and internal systems. Priorities for this year have been supply of Personal Protective Equipment during the Covid-19 response, ongoing supply arrangements and delivery of Service projects. The Service continues to be part of the National Fire Chiefs Council Commercial Transformation Programme and is the national lead for the Fleet Category as well as working on opportunities with our Networked Fire Service Partnership.
- (21) The Procurement Team reviews third party expenditure and manages contracts above £20,000 in value. This is to ensure compliance with legislation and best practice, to ensure that the Authority can demonstrate value for money and deliver savings and efficiencies. The Team is actively engaged in wider collaborative national and local procurement initiatives. The Service's Head of Fleet and Procurement is part of the Local Government Association National Advisory Group for Procurement representing the fire and rescue service nationally. During 2020-21 the Procurement Team has been responsible for managing centralised communications and providing briefing papers on the NFCC's Emergency Response Vehicles framework and Respiratory Protective Equipment framework and suppliers operating positions on behalf of the fire sector during the Covid-19 Response. The Procurement Team liaised closely with key suppliers and fire and rescue services nationally to expedite the delivery of critical products ensuring that those fire and rescue services that needed them most were prioritised. The Team also worked with

Suppliers to identify alternative 'approved' products where suppliers could not provide their own due to Covid related supply chain issues.

- (22) Red One Ltd. was established in 2012 to allow the Authority to deliver commercial activities within the legislative framework that applies. The Authority has taken legal advice to ensure compliance with legislative requirements and to ensure effective governance arrangements, which were enhanced in January 2018 by the appointment of independent non-executive directors. Governance arrangements were further enhanced in July 2018 by the adoption of revised Articles of Association, which strengthened the composition of the Board to include a mix of: Authority Member non-executive directors; independent non-executive directors; Service officer non-executive directors and company appointed executive directors.
- (23) Service commitments to equality, diversity and inclusion are set out in the Fire & Rescue Plan and People Strategy, which address issues relevant to equality, diversity and inclusion in the workplace at each stage of the employee lifecycle, including attraction, recruitment, retention, development and progression. These documents also set out how the Service will meet the needs of different communities and vulnerable people in order to reduce risk and align with the changes needed to support the Integrated Risk Management Plan and the Inspectorate's inspection outcomes. The Employers Network for Equality & Inclusion benchmarked the Service against Talent, Inclusion, Diversity & Equality and awarded the Service a Silver Award in July 2020. The Human Resources, Management & Development Committee monitors progress of actions relating to the People Strategy, and particularly matters related to diversity and inclusion, every three months.
- (24) The Service has a process in place to ensure that potential equality impacts are identified and mitigated when preparing or reviewing policies and procedures. The process is called Equality Risks and Benefits Analysis and it helps the Service to deliver better services and working practices as well as ensuring compliance with the Public Sector Equality Duty. In 2019 the Service introduced a broader assessment of impact i.e. the People Impact Assessment into which the Equality Risks and Benefits Analysis is incorporated. Implementation of the People Impact Assessment includes wider impacts on people including data protection, health & safety and safeguarding. This process has been used extensively during the pandemic to support the Service's decisions in response and recovery. Mandatory equalities training has been reviewed and was rolled out in early 2020. The Service has now started work on increasing psychological safety including addressing identified levels of unwanted behaviour.

3.4 The 2020-21 review by the Authority has concluded that there are good systems, procedures and checks in place to manage the Authority's governance arrangements.

Response to Covid-19

3.5 On 4th April 2020, the Government introduced Regulations under the Coronavirus Act 2020 providing for formal Authority meetings to be held "virtually" i.e. with remote access (including telephone and video conference) for Authority Members, the press and the public. The Regulations, which at present remain in force until 7th May 2021, also provide that an Annual Meeting need not be held until 2021.

3.6 As a result, the Authority:

- Agreed not to hold an Annual Meeting in 2020. Any appointments that would normally be made at an Annual Meeting, remain in place until the next Annual Meeting;
- Introduced a platform to enable its meetings to be held virtually, with proceedings livestreamed to the press and public (in compliance with the Regulations);
- Introduced a Remote Meetings Protocol and amended Standing Orders to reflect the provisions of the Regulations and the Protocol. These documents can be found on the Authority's [website](#);
- Approved a calendar of meetings for 2020-21 proportionate to meeting business need while maintaining public transparency and the democratic process. Details of meetings for 2020-21, together with agendas (once published) for the meetings, can be found on the Authority's [website](#); and
- In the absence of timely, formal meetings, used the Urgency provisions of its Standing Orders to make certain decisions for example approval of the Remote Meetings Protocol and amended Standing Orders; budget outturn; and disposal of Budleigh Salterton Fire Station. The detail of all decisions taken using the Urgency provisions can be found on the Authority's [Website](#).

3.7 A temporary Gold, Silver and Bronze level command structure was implemented within the Service, to improve speed of decision-making, in response to the pandemic. The Bronze level consisted of Cells with clearly defined roles and responsibilities, captured in a Business Continuity Response governance document. A dedicated Triage team was established to handle queries and direct actions to the most appropriate cells. Action tracking software was developed and implemented to enable visibility of outstanding and completed actions, and to assist with resource allocation.

- 3.8 The Silver team held regular meetings with all cell leads, at an agreed, variable frequency, as required. Throughout 2020-21 this frequency varied between daily and twice-weekly. The Gold team met on a weekly basis, with Gold representation also available at Silver meetings.
- 3.9 A Recovery Planning team was established, which met regularly throughout 2020-21. Its work was aligned with other members of National Fire Chiefs Council Business Continuity planning groups, and with other members of the Local Resilience Forums. The role of this team was to ensure that appropriate measures were put in place to enable the authority to return to more standard ways of working without risking the safety of employees or the public.

How we measure and monitor our performance

- 3.10 The Service has a performance framework in place to ensure that it is able to effectively measure and review performance in a way that is meaningful and practical. A suite of strategic performance indicators is reported to the Audit and Performance Review Committee and to the Service's Executive Board, whilst a real-time dashboard is provided to support operational Service Delivery activity. Work has commenced in 2020-21 to redesign the performance framework, and to procure a system to support this. Data integrity remains a challenge for 2021-22.
- 3.11 The Service has invested in its analytical capability in order to provide more sophisticated measurement and understanding of the performance of its activities. These provisions will develop into the availability of self-serve performance information for Service employees and communities via the relaunch of the website. By presenting timely and relevant information to all employees, the Service is growing a performance-focused culture of continuous improvement and evaluation.

Performance Measures

- 3.12 As part of the ongoing improvement to performance reporting, work is focussed on the provision of information appropriate to the different levels of the organisation.
- 3.13 The Service's strategic aims and objectives are set by the Authority, with the Directorates and Departments supporting and delivering the performance to achieve these. As such, the Authority and the Service Executive Board are provided with high-level indicators and reporting by exception, to provide governance and oversight of service provision and performance. These reports are presented to governance meetings, including the Audit & Performance Review Committee on a monthly or quarterly basis as appropriate.

- 3.14 Community-facing employees and their managers require performance information specific to their roles and areas, presented in such a way as to clearly demonstrate how their operational activity supports and delivers the corporate objectives. Information at this level is much more dynamic and is presented in an easily accessible way, on a shorter timescale to facilitate timely management and intervention.
- 3.15 These supporting measures also apply to non-operational roles so that functions such as training, fleet and IT and measures such as fitness, budget and compliance, are all reported on in order to maximise effectiveness and efficiency in achieving good performance.

Performance Targets

- 3.16 As with performance measures, appropriate targets should be set at all levels of the Service, from the strategic key performance indicators to the targets set for individuals within appraisals. Individuals' objectives are agreed with their line managers and are aligned to departmental plans, which in turn support the Authority's objectives.
- 3.17 Targets should be reviewed annually or where appropriate and are set on the basis of historic benchmarks, identified trends, comparison with other fire and rescue services and future aspirations. The Service is currently reviewing the current arrangements in place with a view to strengthening the 2021/22 target setting process.

Performance Reporting

- 3.18 Regular reporting against plans and performance measures help to ensure a sustained focus on those things that matter most, resulting in delivery of the Service's priorities and improvement agenda.
- 3.19 Reports of key measures will be produced and will include interpretation, analysis and any actions to be taken. The audience for these reports are the Authority, the Audit, Performance and Review Committee, the Service Executive Board, the Service Leadership Team, Group Commands and support departments.
- 3.20 Reports focus on exceptions, i.e. those measures that are exceeding target and those not on target. This encourages celebration of success and sharing of good practice along with discussion on actions needed to rectify under performance.

- 3.21 The Service has invested in significantly upgrading its performance management technology, to better facilitate the management of, and links between, corporate planning, performance and improvement. The platform, once fully implemented, will integrate with analytical and visualisation tools, such that information will be presented to employees in a way that is relevant to them, and provide greatly enhanced visibility of performance, accountability and objectives.
- 3.22 This platform also promotes the identification and capture of best practice and areas for improvement. By carrying out this evaluation, the Service learns from its own actions, which, combined with national guidance and peer learning, feeds back into how the Service defines its strategic direction and planning.

4 Financial Assurance

Statement of Accounts

- 4.1 It is a statutory requirement under the *Accounts and Audit (England) Regulations 2015* for authorities to publish the financial results of their activities for the year. The 'Statement of Accounts', shows the annual costs of providing the service and is determined by a Code of Practice published by CIPFA, which aims to give a "true and fair" view of the financial position and transactions of the Authority.
- 4.2 The Treasurer is responsible for the approval of the Statement of Accounts prior to publication. To meet the requirements of the Regulations, the draft Statement of Accounts is published by the end of May with the final audited Statement of Accounts published once the audit process has been completed. The Redmond Review has recommended that the publication date be the end of September.

External Audit Arrangements

- 4.3 On an annual basis, the Statement of Accounts is subject to external audit. Following a national procurement exercise, Grant Thornton was appointed as the external auditors for the South West region.
- 4.4 Grant Thornton is therefore responsible for the completion of the following assurance activities:
- Audit of the 2020-21 financial statements
 - Proposed opinion on the Authority's accounts
 - Proposed Value for Money conclusion
- 4.5 No significant issues have arisen to date from the External Audit work completed in 2020-21.

Public Contracts Regulations 2015 (“the Regulations”)

- 4.6 The Regulations set out a legal framework for contracting public authorities to follow in securing a contract for works, supplies and services where the contract value exceeds set thresholds unless the contract qualifies for a specific exclusion as defined in the Regulations. The Regulations are not static but subject to change, driven by evolving European and UK case law. The Regulations reflect and reinforce the value for money focus of the Government’s procurement policy. Based on the Treaty principles of transparency, non-discrimination, equal treatment and proportionality even where the procurement process is not subject to the Regulations the Treaty based principles apply.
- 4.7 The Head of Fleet and Procurement and Corporate Procurement Manager is responsible for review of all third party expenditure and ensuring that the Service processes conform to UK Regulations.

Data Transparency

- 4.8 The Authority complies with the Government’s ‘Local Government Transparency Code 2015’ for releasing public data. The following arrangements are in place:
- A Freedom of Information Publication Scheme
 - Publication of the annual statement of accounts
 - Publication of all expenditure over £500
 - Publication of all Government Procurement Card transactions
 - Publication of Procurement Information
 - Publication of land ownership
 - Publication of Trade Union facility time
 - Publication of a Pay Policy Statement including all senior employee salaries and pay multiple comparators
 - Publication of fraud investigations
 - Publication of Members’ allowances and expenses
 - Publication of External Audit reports
 - Publication of all committee reports (other than those where a statutory exemption for publication applies).

Financial Planning

4.9 Currently, the amount of Central Government funding is reviewed annually. A number of scenarios are included within the Medium Term Financial Plan demonstrating the possible funding position for the next 5 years. This assists Authority Members in understanding the potential risks regarding funding. The [Medium Term Financial Plan](#) is published alongside the underpinning: [Reserves Strategy](#); [Capital Strategy](#); and the [Safer Together Programme](#).

Covid-19 impact

4.10 The key financial issues relating to the Covid-19 pandemic were reported to the Resources Committee on the 2 July 2020 (available on the Authority [website](#)). The cessation of some activity, in particular delays to the capital programme, will have the effect of improving cash flows for the Authority during 2020-21. The Authority has a healthy cash position, with sufficient reserves to ensure protection from any delayed payments in 2020-21. The majority of cash reserves are held in short-term investments which are accessible should the need arise. In addition, fire authorities have been supported by the Government, which has paid several grants early to ease any cash flow pressures. Cash flow issues are not anticipated to impact the Authority over the medium term financial period.

4.11 On the 2 July 2020 the Government announced further measures to support local authorities with budgetary pressures arising from loss of income from Council Tax and Business Rates, spreading any losses over a three year period. The Authority, in collaboration with the fire sector, will be seeking to measure and understand the longer-term impact of losses and request government support against any detriment.

4.12 Whilst it is not possible to predict the ultimate extent and duration of the pandemic, or its wider impact on the economy, stakeholders will look to authorities to use best endeavours to explain the specific known impacts on their organisation to date, as well as the anticipated future impacts under different scenarios. The specific areas affected by uncertainty are discussed below in more detail, however we would expect that many authorities will have to reconsider their strategies and outlook going forward given the significant impacts of Covid-19. Further, measures to contain the pandemic have likely put pressure on governance processes and on elected members in discharging their responsibilities.

5 Future Improvements

5.1 The Covid-19 pandemic has impacted the Service's ability to be able to progress in some areas in line with the timescales that were originally anticipated. The following areas for improvement therefore carry forward and remain our key areas of focus throughout 2021-22:

- Service policy management.
- Information management to allow employees to easily locate accurate and up to date information when required.
- Aligning resources to risk and prioritising prevention and protection activity.
- Improving diversity across the Service including operational management and senior roles.
- Ensuring that the Service's planning processes integrate performance, projects and risk so that all activity is aligned to the strategic objectives, vision and purpose.
- Improving the integrity of data in order to support the effective implementation of the performance framework and the system to support this.

5.2 The following new areas for improvement have been identified:

- Strategic Policy determination (set by the Fire Authority) with scrutiny applied to those areas where matters are delegated to the Chief Fire Officer.
- Further improving our Efficiency, Effectiveness and People arrangements.

5.3 Continuing appraisal of the governance and internal control mechanisms during the accounting period has identified the following internal control issues which the Service will continue to address in the next year:

- Functional and process issues were encountered with the software solution for reporting safety events, which impacted on the recording and management of safety event investigations as well as the ability to monitor accidents through trend analysis. This has been raised on the Corporate Risk Register and, despite originally being hampered by the impact of Covid-19, work is progressing with the development of a replacement system.
- The Service's processes and systems for the management of assets require improvement. This will continue with implementation of Phase 2 of the asset management implementation project in 2021-22.

6. Conclusion

6.1 The Authority is satisfied that the issues identified above are appropriate and that steps are already in place to address the improvement areas identified in this review. The Audit & Performance Review Committee will receive updates on the implementation and operation of these improvement activities annually, through the updated action plan attached in Appendix A to this report.

6.2 Additionally, the Authority is satisfied that the systems and processes that are in place across the organisation fulfil the requirements of the Fire and Rescue National Framework for England.

CHIEF FIRE OFFICER

**CHAIR, AUDIT AND PERFORMANCE
REVIEW COMMITTEE**

DRAFT

APPENDIX A TO REPORT APRC/21/x – ACTION PLAN

Identified Issue	Action Needed	Lead Officer
<p>Service Policy Management Improvements are required to ensure that the Service has an effective policy framework, effective document lifecycle management and compliance with the latest accessibility standards.</p>	<p>As part of the Microsoft 365 rollout:</p> <ul style="list-style-type: none"> • Deliver new policy template repository with automated document management information reporting on the policy lifecycle. • Enable automatic publication of policies to the website to decrease the Freedom of Information response burden. • Implement an improved mechanism to store documents to enable easier location by employees. 	<p>Head of ICT</p>
<p>Information management The approach to information management is driven at department level rather than taking an enterprise approach to how information is managed across the Service. This leads to difficulty for employees easily finding accurate and up to date information when required. This also impedes the ability to lead to smarter working practices.</p>	<p>As part of the Microsoft 365 project, an enterprise wide approach to information management will be developed which will form the basis of the new Intranet.</p>	<p>Head of ICT</p>
<p>Aligning resources to risk and prioritising prevention and protection activity. We need to ensure that we allocate our resources for response, prevention and protection in a way that best reflects the risks to our communities, prioritising our prevention and protection work to prevent fires and other emergencies from occurring, but being able to respond when emergencies do happen.</p>	<ul style="list-style-type: none"> • Ensure that the decisions of the Fire and Rescue Authority with regards to the new Service Delivery Operating Model have been implemented. • Review the Community Safety Plan to ensure that the most vulnerable communities are being prioritised through our prevention work. • Review the Risk Based Inspection Programme to ensure that high risk buildings are being inspected and are compliant with legislation. • Review the Service Delivery strategic plan to ensure that resources are deployed to support efficiency and effectiveness of all response, prevention and protection activity. 	<p>Area Manager Service Delivery - Community Risk</p>

Identified Issue	Action Needed	Lead Officer
<p>Improving diversity across the Service including operational management and senior roles.</p> <p>There is a need to further develop contracts and career paths to support inclusivity ensuring that the Service has a workforce that reflects the communities that it serves.</p>	<p>Implement positive action such as direct entry (an NFCC project) supported by the 'Our Time' sponsorship programme.</p>	<p>Head of HR</p>
<p>Planning, Performance and Continuous Improvement</p> <p>In order to ensure that all activity is aligned to the strategic objectives, vision and purpose, the Service's planning processes need to integrate with performance, projects and risk.</p>	<p>The planning and performance management framework that is currently under development needs to be finalised and rolled out. This has been reworked to address the identified issue and we are in the process of purchasing a new system through the procurement framework. The new system is cloud based so will require connection rather than installation and will support the integrated approach, linking planning, performance, projects and risk as well as giving a much clearer view of performance against key objectives.</p>	<p>Area Manager Service Improvement - Risk & Planning (IRMP)</p>
<p>Data integrity</p> <p>Work has commenced to redesign the performance framework and to procure a system to support this. In order to ensure successful implementation, work is required to improve the integrity of data and to ensure proportionate and robust controls on data in order to: promote valid data at the point of capture; maintain up to date, accurate records; enable the exploitation of external data sources, particularly in relation to location and premises data; and ensure consistency in reporting information.</p>	<ul style="list-style-type: none"> • Map the data requirements for the Service and where these are held. • Agree data owners. • Develop automated reporting. 	<p>Area Manager Service Improvement - Risk & Planning (IRMP)</p>

Identified Issue	Action Needed	Lead Officer
<p>Safety Event Management Functional and process issues were encountered with the software solution for reporting safety events, which impacted on the recording and management of safety event investigations as well as the ability to monitor accidents through trend analysis.</p>	<p>Develop and implement an improved solution for the recording and management of safety event investigations</p>	<p>Head of Organisational Assurance</p>
<p>Integrated Service Asset Register (Fleet and Operational Equipment) An integrated fleet and operational service asset register needs to be developed and embedded to ensure that all assets are effectively recorded and managed to provide consistent data to inform replacement plans and ensure operational assets are fit for purpose.</p>	<ul style="list-style-type: none"> • Undertake Operational Equipment review – complete. • Develop an equipment register to capture all legislative and manufacturer requirements for the different categories of equipment and their corresponding risk assessments - complete. • Implement Phase 2 of the asset management implementation project. 	<p>Head of Fleet & Procurement</p>
<p>Strategic Policy determination Lack of a clearly defined strategic policy agenda.</p>	<p>Fire & Rescue Authority to set strategic policy agenda with professional advice and support from Service Officers.</p>	<p>Chief Fire Officer</p>
<p>Further improving our Efficiency, Effectiveness and People arrangements. We need to deliver our statutory duties, add value through improved community outcomes and create a workplace where all employees are able to perform at their best.</p>	<ul style="list-style-type: none"> • Effectiveness and Efficiency: Improve the performance management framework to ensure that all activities are aligned to corporate priorities to reduce duplication of effort and to performance manage the Service. • People: Further to the external review of Human Resources and Organisational Development, identify key priorities and implement an improvement plan. • People: Implement the Safe To intervention throughout the Service so that people feel included and feel safe to speak up, to learn, to contribute and to challenge 	<p>Chief Fire Officer</p>

This page is intentionally left blank

REPORT REFERENCE NO.	APRC/21/5
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	5 MARCH 2021
SUBJECT OF REPORT	CORPORATE RISK REGISTER
LEAD OFFICER	DIRECTOR OF GOVERNANCE & DIGITAL SERVICES
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>Managing risks, both operational and strategic, is an important part of ensuring that the resources of Devon and Somerset Fire and Rescue Service are used to best advantage. Risk is inherent in most things that the Service does and much of its activity is already assessed and managed through the application of the operational risk management procedures and good common sense.</p> <p>The Corporate Risk Register sets out risks and mitigation to ensure that risk is managed appropriately and proportionately.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS & BENEFITS ASSESSMENT	Not applicable.
APPENDICES	<p>Appendix 1 - Corporate Risk Register February 2021</p> <p>Appendix 2 - Interdependencies between Corporate/Brexit/Covid Risk Registers</p>
BACKGROUND PAPERS	<p>APRC November 2019 – Corporate Risk Register</p> <p>APRC May 2019 – Corporate Risk Register</p>

1. INTRODUCTION

1.1 The aims of Risk Management for the Devon & Somerset Fire & Rescue Service (“the Service”) are to:

- Protect the assets of the Service;
- Ensure service continuity; and
- Facilitate innovation and opportunity.

1.2 Risk management does not mean risk avoidance. It is about encouraging officers and managers to identify, understand and control risk and to learn how to accept the right level of risk.

2. CORPORATE RISK REGISTER

2.1 The corporate risk register captures and describes the Authority’s most significant risks, with a focus on cross-cutting risks and major projects. It is formally reviewed and refreshed on a regular cycle. In order to embed the Service’s approach to managing strategic and operational risks, risk management is integrated within the planning process so that it is part of direction setting, activity and resource planning and activity monitoring.

2.2 The process includes the identification, assessment and recording of risks and mitigating activities which is incorporated into annual service plans. The final stage of the process, once risks have been reviewed by risk owners and directors, is for the Audit & Performance Review Committee (the Committee) to consider and comment.

2.3 The Service risk profile has changed since the last report. The corporate risk register entries total seventeen with thirteen risks escalated, three de-escalated to local risk registers and one risk closed (No Deal Brexit). The register is reviewed monthly by the Service Executive Board dependent on net risk score with high risks reviewed monthly and medium risks quarterly. Please refer to Appendix 1 of this report - Corporate Risk Register.

2.4 Risk sources are both internal and external to Service activities, therefore establishing categories for risks provides a mechanism for collecting and organising risks as well as ensuring appropriate scrutiny and management attention for those risks that can have more serious consequences to meeting objectives. Risk categories consolidate risks into a two dimensional view, strategic process and directorate; either may exist in a single directorate or cut across multiple directorates. Service corporate risks are aligned to Her Majesty’s Treasury Orange Book (2020) risk categories. Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational consequences. The table in Appendix 1 provides clarification on the high and medium corporate risks, grouped by risk category, with a high level summary of effective mitigation and actions in development.

2.5 As is normal, there have been minor changes to control measures across the risk portfolio. Risk owners are assigned to each risk with active mitigation in place. All risk register owners have reviewed and updated their risk mitigations and agreed new review dates. Overall, the Service Executive Board is satisfied with the adequacy of the risk mitigation progress.

3. AMENDED CORPORATE RISKS SINCE THE LAST REPORT TO THE COMMITTEE

3.1 The following two risks have been amended and remain on the corporate risk register:

- June 2020: CR041 Out of date policies may result in failure to comply with organisational and legislative requirements replaced by CR062 Failure to operate an effective Information Governance framework. CR062 remains on the corporate risk register; and
- October 2020: CR056b Failure to monitor effectively and take appropriate action as and when required to ensure risk-critical safety equipment remains fit for purpose was combined with CR056 Failure to ensure that fleet and equipment is available and is fit for purpose. CR056 risk remains on the corporate risk register.

4. EMERGING RISK ESCALATED TO CORPORATE RISK REGISTER

4.1 On 23 October 2020, at the Fire Authority meeting, Members declared a climate emergency and the Authority's Climate Change and Sustainability Member champions developed appropriate targets and key performance indicators to facilitate monitoring of progress in implementing the Environmental Strategy. CR063 Failure to reduce the Service's greenhouse gas emissions and carbon footprint was added to the Corporate Risk Register.

5. RISKS DELEGATED TO LOCAL RISK REGISTER

5.1 The following three risks de-escalated to local risk registers now that they have been mitigated within a tolerable risk level.

- November 2020 CR051 Targeted negative media may undermine public assurance. Communication strategy published; de-escalated to Communications risk register.
- November 2020: CR059 Failure to comply with duty to collaborate; de-escalated to Covid-19 risk register.
- January 2021: CR060 Failure to prepare for impact of no deal exit from European Union; de-escalated to Covid-19 risk register to maintain a watching brief for potential supply chain disruptions.

6. BREXIT, COVID & CORPORATE RISK REGISTER INTERDEPENDENCIES

6.1 A Brexit working group was set up in January 2020 to review the risks related to Brexit.

6.2 As a consequence of the Covid-19 business continuity arrangements, the service planning process was suspended, which led to department and corporate risk registers not being updated between April and June 2020. Instead risk management focused on the development and implementation of a strategic Covid-19 risk register, to ensure that robust and effective control measures were operating as expected to deliver the strategic intents outlined in the Strategic Business Continuity Covid-19 Governance Arrangements. The Gold group (the Service Executive Board) approved the Covid-19 risk register on 9 June 2020.

6.3 Gold and Silver groups agreed to review the Covid-19 risk register initially weekly and from September 2020 moved to fortnightly.

- 6.4 The Brexit working group reviewed the Brexit risks and interdependencies against the Corporate and Covid-19 risk registers. The pictorial view at Appendix 2 of this report displays the specific risks for each risk register and their interdependencies. Where two risk registers intersect, the risk score increased by one level e.g. amber to red. Where all three risk registers intersected in the centre section, the risk score increased from red to grey.
- 6.5 The group recommended that the centre section formed a new combined risk register and that a review frequency was determined.
- 6.6 The Service's Executive Board agreed the combined risks and additional actions over and above those already captured on the Corporate or thematic Brexit and Covid-19 Risk Registers.
- 6.7 The Extended Leadership Team (comprising the Service's Executive Board and Heads of Departments) participated in a virtual table top business continuity exercise on 18 December 2020 that considered current business plan adequacy if concurrent business continuity events were to occur, for example Covid, a no deal Brexit and severe weather. The outcome of this exercise was agreement to additional control measures and a decision to maintain a watching brief. The Business Continuity framework was updated to include guidance on concurrent events and which event would take primacy.
- 6.8 The business continuity exercise debrief report was issued on 22 December 2020 with an action for the Service Executive Board and Heads of Departments to run an exercise and update their business continuity plans by the end of January 2021. The key learning points captured were:
- Business continuity plans to be regularly exercised at strategic, tactical and operational levels.
 - Single points of failure and staff welfare to be monitored and redeployment of additional staff to share knowledge and work load.
- 6.9 The Brexit working group was dissolved when the Brexit UK/EU agreement was signed on 24 December 2020. Subsequently, the supply chain elements of the related Brexit risk, CR060, was de-escalated from the Corporate to the Covid-19 risk register on 12 January 2021 with a directive to maintain a watching brief for any future supply chain disruption as a result of Covid-19 or leaving the European Union.

7. RISK MANAGEMENT POLICY AND HMICFRS COVID INSPECTION REPORT

- 7.1 The 2019 Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) inspection report identified the following areas of improvement for the Service's risk management processes:
- The service needs to assure itself that its risk management and control process has a mechanism that allows escalation of risks to the appropriate level in the organisation; and
 - Inspectors reviewed some service and directorate plans and found no way to score the risk or any guidance on taking the risk to the corporate risk register. This could lead to significant organisational risks remaining at the department level, with no oversight from the corporate management team or the fire and rescue authority.

- 7.2 The Risk Management policy and framework has been reviewed and updated and the Director of Governance & Digital Services has adopted the role of Risk Management Champion for the Service.
- 7.3 Risk escalation between local and corporate risk registers has now been embedded monthly at the Service's Executive Board meetings. From February 2021, monthly risk review meetings with Service's Executive Board risk owners include the control and action owners. Monthly review meetings are also held with Area Managers and the Risk Team also attends Group and Station Manager's monthly meetings to promote the risk escalation process, with an evidence folder capturing escalation requests and tracking process.
- 7.4 Risk register template amendments include gross, net and target risk scores, risk, control and action owners, actions now have implementation dates, narrative on monthly updates, escalation / de-escalation, closed risks and a delegated risks audit trail. The Service's Executive Board decisions are recorded in meeting minutes and are monitored, dependant on risk severity, in a monthly action timeline.
- 7.5 HMICFRS was asked by the Home Office to consider what is working well and what is being learnt during the Covid-19 pandemic, how fire and rescue services are dealing with the problems they face, and what changes are likely as a result of the pandemic. In summary the Service report published in January 2021 noted that:
- The Service maintained its statutory functions;
 - It was innovative in reviewing its risk profiles which allowed the Service to use data to refocus its activities;
 - Worked collaboratively with partner organisations and supported both Local Resilience Forums;
 - Many staff volunteered for extra roles; the Service coordinated the south west region response to drive ambulances;
 - The Service was instrumental in supporting the National Fire Chiefs Council in developing pay protection for the on call firefighters model and maintenance of competence options to enable Services to continue their on call training;
 - Changed the way protection and prevention activities were delivered to keep our communities safe; and
 - In preparing for the pandemic the Service had station, department and specific business continuity plans that were reviewed regularly and captured lessons learnt that reflected the changing, often dynamic nature of the pandemic.
- 7.6 The report recommends that looking to the future it is now essential to use the lessons learnt during Covid-19 as a platform for lasting reform and modernisation.

8. NEXT STEPS

- 8.1 The Corporate risk register will continue to be subject to monthly review by the Service Executive Board. The next formal review of the corporate risk register by the Committee is due to take place at the second meeting of the 2021/22 municipal meeting cycle.

MIKE PEARSON
Director of Governance & Digital Services

Corporate Risk Register – February 2021

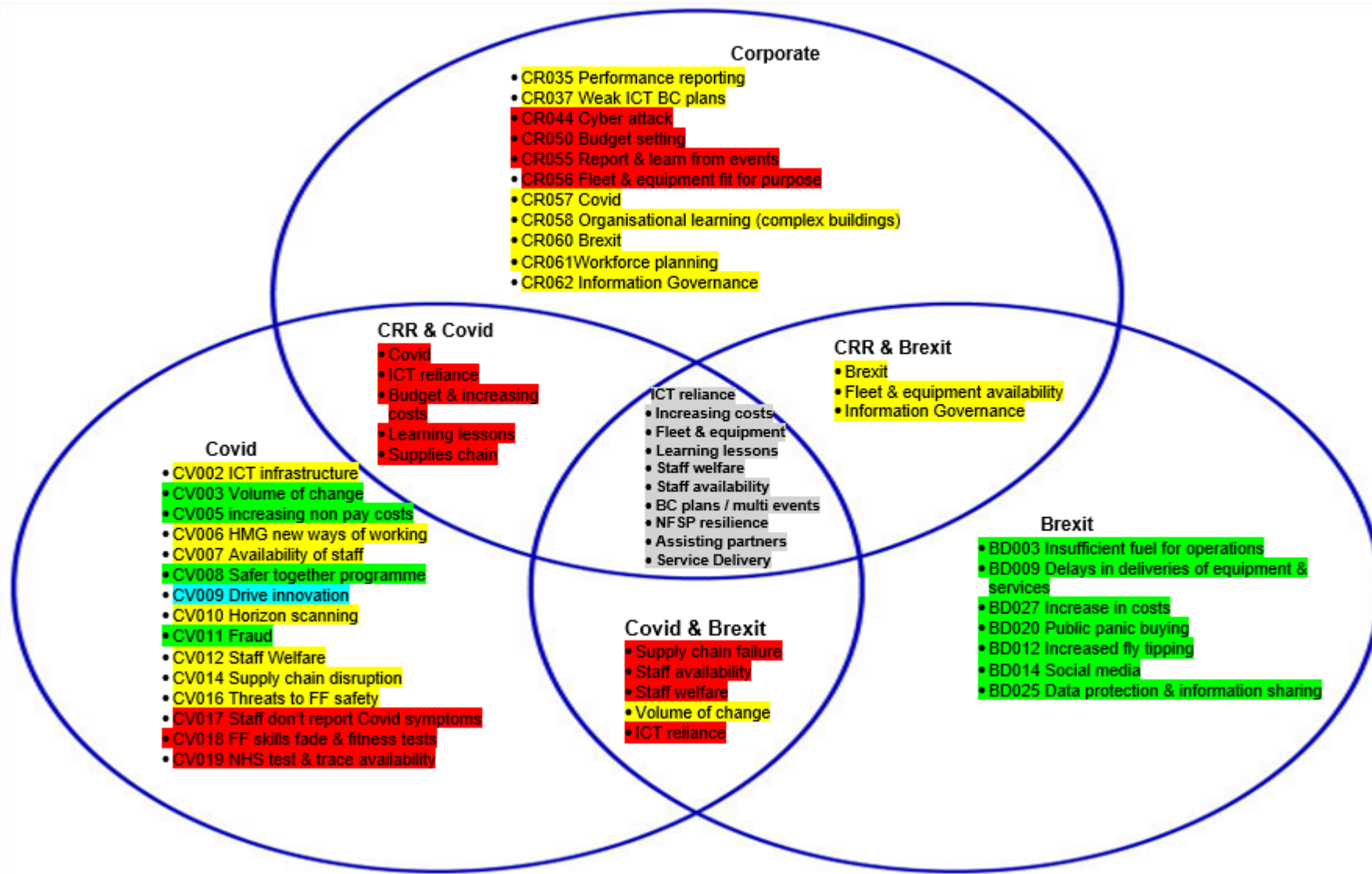
Risk Category	Corporate Risk	Mitigation and Development status
7 high risks monitored monthly		
<p>Safety: Risks arising from safety deficiencies or poorly designed or ineffective/inefficient hazard management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.</p>	<p>CR055 Failure to report and learn and take corrective action to prevent foreseeable accidents.</p> <p>CR056 Failure to ensure that fleet and equipment is available and is fit for purpose.</p>	<ul style="list-style-type: none"> • Development of Safety Event Management System (SEMS). • Phase 1 equipment review completed. • Phase 2 progressing.
<p>Financial: Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.</p>	<p>CR050 Failure to agree and set a balanced budget 2022/2023.</p> <p>CR067 Lack of guidance on calculating grant income may result in funding gap between estimated and actual figure.</p>	<ul style="list-style-type: none"> • Value for money assessment completed. • Benefits realisation monthly report. • Rolling efficiencies review. • Reserve strategy. • Risk based medium term financial planning. • Budget monitoring.
<p>People: Risks arising from ineffective leadership & engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity & capability, industrial action, and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.</p>	<p>CR064 Failure to provide demonstrable consistent standards in firefighter competence.</p> <p>CR069 People structure does not support the needs of the organisation.</p>	<ul style="list-style-type: none"> • Professional, Safe and High Performing' report; transformation of 6 themes: <ul style="list-style-type: none"> ▪ Station based training ▪ Setting standards ▪ Audit & assessment ▪ Central training/T4C ▪ Role Development ▪ Service Support • Contingency plans. • Options paper.
<p>Operational: Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money</p>	<p>CR068 Failure to capitalise on benefits of Apprenticeship levy.</p>	<ul style="list-style-type: none"> • Apprenticeship working party. • Development of workforce planning strategy. • Development of apprenticeship strategy.

Risk Category	Corporate Risk	Mitigation and Development status
10 medium risks monitored quarterly		
<p>Governance: Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.</p>	<p>CR035: Failure to agree performance measures & inability to fully & immediately report against agreed measures which may reduce the ability to make informed decisions.</p>	<ul style="list-style-type: none"> • Procurement process underway for new performance and planning system with system due to be implemented Q3 2021.
<p>Information: Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.</p>	<p>CR062: Failure to operate an effective Information Governance framework.</p>	<ul style="list-style-type: none"> • MS365 rolled out. • Development of document management system.
<p>People: Risks arising from ineffective leadership & engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity & capability, industrial action, and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.</p>	<p>CR057 Covid results in significant staff absence.</p> <p>CR061 Failure to undertake adequate workforce planning in respect of number of firefighters due to retire before 1st April 2022.</p> <p>CR066 Failure to adequately plan and implement recruitment and promotion processes.</p>	<ul style="list-style-type: none"> • Thematic Covid-19 risk register, reviewed fortnightly. • Strategic, operational and tactical business continuity governance established. • Development of workforce planning strategy. • MS365 rolled out. • Development of document management system.
<p>Reputational: Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.</p>	<p>CR058 Failure to identify organisational learning and respond to consultation / changes to complex buildings.</p> <p>CR063 Failure to reduce the Service's greenhouse gas emissions and carbon Footprint.</p>	<ul style="list-style-type: none"> • Grenfell actions tracked. • MORI systems being developed, two apps due for roll out April 2021. • Development of climate emergency strategy.
<p>Security: Risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information, including cyber security and non-compliance with General</p>	<p>CR044 Cyber-attack on ICT services causes sustained ICT outage.</p>	<ul style="list-style-type: none"> • Protective monitoring system implemented. • Business continuity plans and system resilience established. • MS365 rolled out. • Development of Digital roadmap.

Risk Category	Corporate Risk	Mitigation and Development status
Data Protection Regulation requirements.	CR065 Cyber-attack or accidental loss leads to data breach of sensitive operational and/or personal data.	<ul style="list-style-type: none"> • Protective monitoring system implemented. • Business continuity plans and system resilience established. • MS365 rolled out. • Development of Digital roadmap.
Technology: Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.	CR037 Physical loss of ICT services causes sustained ICT outage.	<ul style="list-style-type: none"> • Business continuity plans and system resilience established. • MS365 rolled out. • Digital roadmap in development.
Risk Categories with no current corporate risks		
Business Change/ Project / Programme: Risks that change programme and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time cost and quality.		
Commercial: Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives.		
Legal: Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets and people (for example intellectual property).		
Strategy: Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change) and changing micro-environment (competing strategic perspectives)		

Corporate, Covid & Brexit Risk Register November 2020 by Net Risk Score

- Risk included in 2 risk registers - net risk score weighting x 2 (green to amber, amber to red)
- Risk included in 3 risk registers - net risk score weighting x 3 (red to grey)



This page is intentionally left blank

REPORT REFERENCE NO.	APRC/21/6
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	5 MARCH 2021
SUBJECT OF REPORT	HER MAJESTY'S INSPECTORATE OF CONSTABULARY & FIRE & RESCUE SERVICE (HMICFRS) INSPECTION - PROGRESS UPDATE
LEAD OFFICER	DIRECTOR OF SERVICE IMPROVEMENT
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>HMICFRS completed their first round of inspections of every Fire & Rescue service in England and published the reports to the public. The report on Devon & Somerset Fire & Rescue Service was published in December 2019.</p> <p>The inspection highlighted some areas for improvement as well as identifying some good practice.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT	Not applicable.
APPENDICES	1. Summary of RAG Rating against HMICFRS Recommended Actions
BACKGROUND PAPERS	Effectiveness, efficiency and people 2018/19 - Devon and Somerset Fire and Rescue Service (<i>HMICFRS, Dec 2019</i>)

1. INTRODUCTION

- 1.1. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) completed their first round of inspections of every Fire & Rescue service in England and published the reports to the public. The report on Devon & Somerset Fire & Rescue Service was published in December 2019.
- 1.2. The inspection highlighted some areas for improvement as well as identifying some good practice. The Committee received a presentation at its meeting on 4 March 2020 that set out the progress that had made towards implementation of the recommendations made.
- 1.3. This report provides a highlight review of the Service's current progress against the identified HMICFRS findings. It will identify, via a RAG rating, the risk to progress, with a rationale and actions required to support.

2. SERVICE IMPROVEMENT

- 2.1. The Service has undergone extensive internal change over recent months regarding its Directorships and Portfolios. The office for '*Service Improvement*' has been established in its own right, allowing for the development of an Office Portfolio (OP).
- 2.2. The OP will be designed to provide a complete overview of the Service's activity. This will include Programme and Project information, progress against department plans, areas identified for improvement with progress, identifying inter-department dependencies with performance indicators at relevant levels. The OP will also bring together the various strands on how improvement and suggested improvements, are captured, analysed and progressed, whilst capturing the decisions. This OP way of working will allow staff at every level to engage and have ownership.
- 2.3. The OP will ensure an un-biased view is provided and accessible across the Service. An advantage of this approach is the reduction of complex update reports. The performance management software being procured will support real time performance, allowing our managers to focus and set realistic objectives for their teams.
- 2.4. It is worth noting, despite the current change in the way the Service is working due to the Pandemic, good progress has been made in general.
- 2.5. The overall Red Amber Green (RAG) rating for each HMICFRS identified improvement can be seen in Appendix 1. The action number associated with the findings, was logged initially on the Service Assurance Tracker. It was felt to ensure consistency and audit that these action numbers remained.

3. **PROGRESS TO DATE**

3.1. This section sets out only the actions that remain unresolved to date as follows together with an indication of the action required:

No.	Outstanding action	Status	Action required
482	The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme. This should include its arrangements for providing specialist protection advice out of hours.	Status – Delay against original completion date	Executive Board sign-off on High Risk Premises Definition, agreement on High Risk premises numbers. Decision regarding out of hours options. An agreed revised target date for completion.
486	As at 31 December 2018, the service had identified 7,734 high risk premises and set itself a target of auditing 920 of these in the year ending March 2019. However, in the nine months to 31 December 2018, the service had only audited 169 high risk premises. Review and identify methodology including definition for High Risk premises.	Delay against original completion date	As per No.482
490	The results of the [staff] survey are recorded in an action plan which also shows the future plans to address any issues. However, there are no dates or targets for these plans.	Delay against original completion date	Confirmation from Executive Board Portfolio holder on ownership as this action was initially assigned to Organisational Development (OD) but passed onto Communications & Engagement (C&E)
491	The service should make sure that its values and behaviours are understood and demonstrated at all levels of the organisation	On going	Decision on whether to close this action as it's a continual review.

No.	Outstanding action	Status	Action required
503	The service should make sure it has effective arrangements in place to monitor service wide and cross border exercises.	No significant progress identified from Action owner.	Establish the priority for this piece of work and set target completion.

- 3.2. Appendix 1 of this report sets out the summary of the actions on a RAG rated basis as included within the assurance tracker for reference.
- 3.3. The Committee will be kept apprised of the progress made on these actions at future meetings.

ACFO GAVIN ELLIS
Director of Service Improvement

Summary of RAG Rating

- Blue – Complete
- Green – On Track
- Amber – Risk to completion / Delay
- Red – Significant Risk liable to fail

Assurance tracker ID	HMI Finding	Status
479	We found little evidence of any quality assurance to understand whether home fire safety checks were consistent and done in line with staff training. The service should assure itself that the home fire safety checks that are conducted by staff are consistent.	Complete
480	The service should evaluate whether prevention campaigns can be better supported by operational crews. The service should ensure that operational crews are aware of their requirement to conduct fire safety checks.	
481	We found some inconsistencies where operational staff were unclear about whether they were required to undertake these visits. (Protection)	
482	The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme. This should include its arrangements for providing specialist protection advice out of hours.	
483	The service can't offer an effective response to out of hours (business safety) complaints. This is because of staff availability and the fact that not all staff have the right training to respond out of hours. This can cause a delay if the service needs to restrict a premise's use outside normal business hours. This is because there'll be a delay before it can complete the appropriate documents.	

Assurance tracker ID	HMI Finding	Status
484	The service should ensure that business engagement is conducted consistently across the service.	Complete
485	The extent the service engages with local business and large organisations is inconsistent. Locally, operational crews engage with low risk premises as part of fire safety checks. However, wider business engagement to share compliance information and expectations isn't consistent.	Complete
486	<p>As at 31 December 2018, the service had identified 7,734 high risk premises and set itself a target of auditing 920 of these in the year ending March 2019. However, in the nine months to 31 December 2018, the service had only audited 169 high risk premises.</p> <p>The overall number of audits in the year to 31 March 2018 increased to 683 from a recent low of 470 in the year to March 2014. This equates to 0.7 audits per 100 known premises, which is lower than the England rate (3.0).</p> <p>As at 31 December 2018, the service had identified 7,734 high risk premises and set itself a target of auditing 920 of these in the year ending March 2019. However, in the nine months to 31 December 2018, the service had only audited 169 high risk premises so is unlikely to meet its target.</p>	
487	<p>The service should improve the availability of its on-call fire appliances.</p> <p>Despite these systems to manage and relocate resources, matching staff availability to resource requirements remains a challenge. This means that on-call appliance availability is an issue.</p>	
488	<p>The service should improve performance against its response standards.</p> <p>Between 1 April and 31 December 2018, the service only achieved these times in 72.4 per cent of fires where people live, and 75.4 per cent of road traffic collisions. So it didn't always meet the response times it set itself.</p>	
489	Some managers were described by staff as approachable and supportive others felt they didn't want to be challenged or listen to alternative viewpoints. Staff described times when operational managers would only talk to operational staff and not corporate staff. Or when they only listened to uniformed staff of a certain rank.	

Assurance tracker ID	HMI Finding	Status
	<p>When we spoke to staff about how often they saw senior and middle leaders we were told their visibility around the service was limited. Some stations didn't know who their group commander was and hadn't seen them for some time.</p> <p>Staff weren't clear on who was now responsible for what role. Some staff have not been told where they are working or their job description. Staff felt that communications around the restructure were not very clear, with limited opportunity to feedback.</p>	
490	The results of the [staff] survey are recorded in an action plan which also shows the future plans to address any issues. However, there are no dates or targets for these plans.	
491	The service should make sure that its values and behaviours are understood and demonstrated at all levels of the organisation.	
492	The service should review workplaces to ensure that the facilities are accessible and suitable for female staff that may work there.	
493	The service's workforce does not fully reflect the diversity of the communities it serves.	
494	<p>There were times when operational staff used gender exclusive language, such as a fireman. There were also locations where access to female facilities were locked to prevent repeated use by male colleagues. Women were required to request a key. We hope management will change this.</p>	
495	<p>The service can't assure itself staff are working to policies and procedures. For example, some staff work extra hours, sometimes on a casual contract. The service doesn't oversee arrangements to make sure these staff meet working time regulations, or that staff are well rested and safe to work.</p> <p>The service has a lone working policy, but staff have a very limited awareness of it. The service currently has no effective process to monitor staff working alone.</p>	
496	The service has not done fitness tests for operational staff for over three years. We're concerned that the service cannot assure itself that all members of operational staff can meet the minimum fitness levels required to perform the role of a firefighter.	

Assurance tracker ID	HMI Finding	Status
	Devon & Somerset FRS cannot assure itself that operational members of staff meet the minimum fitness requirements to perform their role. By 31st August 2019, the service should provide an action plan that details how they will address this issue.	
497	<p>Inspectors were given examples where managers told staff not to submit a grievance as it may impact on their career. This contradicts the service's values. It also means some staff aren't confident about the grievance process.</p> <p>The service should assure itself that it has effective grievance procedures.</p> <p>Staff who had registered a grievance were not offered any kind of welfare support according to the record we looked at.</p>	
499	<p>The service should assure itself that it has robust business continuity plans for all aspects and functions of the service.</p> <p>After an internal review, the service saw current arrangements were not as robust as they should be. The service identified record keeping and training as issues. There are limited plans in place for some functions and locations across the service.</p>	Complete
500	<p>The service needs to assure itself that its risk management and control process has a mechanism that allows escalation of risks to the appropriate level in the organisation.</p> <p>Inspectors reviewed some service and directorate plans and found no way to score the risk or any guidance on taking the risk to the corporate risk register.</p>	Complete
501	<ol style="list-style-type: none"> 1) The service should assure itself that the current arrangements for the management of health and safety in the workplace are effective. 2) We found no process where the service could assure itself staff had read and understood safety critical information. 3) We found some inconsistencies in how often local health and safety station audits were taking place. Inspectors were told conflicting information about health and safety audits. Some said they had stopped. Others told us they still completed them, although they were unclear if they needed to. 	

Assurance tracker ID	HMI Finding	Status
502	The service should ensure that its procedures for responding to terrorist-related incidents are understood by all staff and are well tested.	
503	The service should make sure it has effective arrangements in place to monitor service wide and cross border exercises.	

This page is intentionally left blank