

Auditor's Annual Report on the Devon and Somerset Fire & Rescue Service

2022/23

March 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Service has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Service's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Service has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Service's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Service's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor Judgement on VFM arrangements	2021/22 Auditor Judgement on VFM arrangements	Direction of travel on VFM arrangements
Financial sustainability	No risks of significant weakness identified during the initial risk assessment and planning process.	No significant weaknesses in arrangements identified, and no improvement recommendations made. Despite adequate arrangements being in place for Financial Sustainability in 2022-23, the Authority's financial challenges continue to be significant and require continued urgent focus.	No significant weaknesses in arrangements identified, but one improvement recommendation made.	↑
Governance	No risks of significant weakness identified during the initial risk assessment and planning process.	No significant weaknesses in arrangements identified but two improvement recommendations made.	No significant weaknesses in arrangements identified. One improvement recommendation made.	↔
Improving economy, efficiency and effectiveness	One risk of significant weakness identified during the initial risk assessment and planning process, in terms of the timeliness of implementation of the HMICFRS recommendations arising from the July 2022 Inspection Report.	No significant weaknesses in arrangements identified and no improvement recommendations made.	No significant weaknesses in arrangements identified but five improvement recommendations made.	↑

- No significant weaknesses in arrangements identified or improvement recommendation made.
- No significant weaknesses in arrangements identified, but improvement recommendations made.
- Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

The Authority has an established consultative approach to setting its annual budget, Medium-Term Financial Strategy (MTFS) and annual savings plan. It has clear and transparent financial reporting and an in-depth knowledge of the financial challenges it faces. Like many fire authorities, the Authority faced significant financial pressures in 2022-23 and overspent its revenue budget by £0.947 million (1.23% of the Net Revenue Budget) causing it to draw down on its General Fund Reserves. The Authority had delivered underspends against the revenue budget, prior to 2022-23, and has built-up earmarked reserves of £22.777m and general reserves of £4.280m at 31 March 2023.

The predicted financial position for 2023-24 at year-end is for spend to be within the set balanced revenue budget. An agreement was made at the Authority meeting on 15 February 2023 to delegate authority to the Treasurer to move up to £2.8m from reserves to fund any difference in the pay awards if necessary. However, through the delivery of efficiencies elsewhere, the £2.8 million of reserves will not be required, and in addition there is also a forecast underspend of some £989k at month 7. Expenditure from reserves is anticipated to be £14.9m within the financial year with projected balances of circa £12.2m at year-end, as the Authority has made a decision to finance the Capital Programme from earmarked reserves. The Medium Term Financial Plan shows there may be a funding gap of up to £20.8 million in 2027-28. The Authority's Strategic Change Programme looks to address the funding gap. It is based on transformational change to deliver greater efficiencies so the Authority may reduce its reliance on reserves which are currently reducing year on year.

Despite the adequate arrangements being in place for Financial Sustainability in 2022-23, the Authority's financial challenges continue to be significant and require continued urgent focus.



Governance

We found that the Authority has appropriate processes in place to ensure it manages its risk, gains assurance over the effective operation of internal controls and arrangements to prevent and detect fraud, make properly informed decisions and monitors whether appropriate standards are in place. Our work has not identified any evidence which leads us to conclude that there are significant weaknesses present, however we have raised two improvement recommendations designed to further enhance the arrangements in place. See pages 12 and 13 for more detail.



Improving economy, efficiency and effectiveness

The Authority has adequate processes in place for reporting upon corporate performance, documenting where corrective action is being taken and clear reporting of trends and causes. Our work has not identified evidence of significant weaknesses within the arrangements in place and we have not raised any improvement recommendations.



Financial Statements opinion

We have completed our audit of your financial statements. We have not identified any significant issues and issued an unqualified audit opinion on 26th March 2024.

Our findings are set out in further detail on page 5.



Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Service's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021-22

We issued an unqualified opinion on the Authority's financial statements following the Audit and Governance Committee on 26th March 2024.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the Court

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review.

Securing economy, efficiency and effectiveness in the Service's use of resources

All Fire and Rescue Services are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Service's responsibilities are set out in Appendix A.

Fire and Rescue Services report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Service has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

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



Improving economy, efficiency and effectiveness

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



Our commentary on the Service's arrangements in each of these three areas, is set out on pages 6 to 22.

Financial sustainability



We considered how the Service:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial Performance

The Authority is operating in a challenging financial environment due to the impact of flat funding and increasing inflation. The Authority approved its 2022-23 revenue budget of £77.289 million in February 2022. The 2022-23 revenue outturn position, at £78.236 million, showed an overspend for the financial year of £0.947 million, an adverse variance of 1.23%.

The predicted financial position for 2023-24 at year-end is for spend to be within the set balanced revenue budget. An agreement was made at the Authority meeting on 15 February 2023 to delegate authority to the Treasurer to move up to £2.8m from reserves to fund any difference in the pay awards if necessary. However, through the delivery of efficiencies elsewhere, the £2.8 million of reserves will not be required, and in addition there is also a forecast underspend of some £989k at month seven.

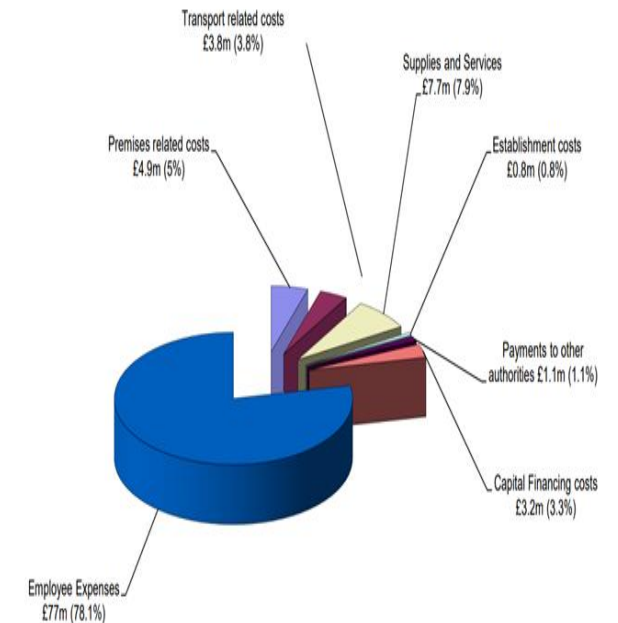
Reserves

Reserves are being used as a tool to ensure budget stability as the Authority is facing significant financial challenges. The Authority currently has an appropriate level of reserves to deal with its identified financial risks. An agreement was made at the Authority meeting on the 15 February 2023 to delegate the authority to the Treasurer to move up to £2.8m from reserves to fund any difference in the pay awards for 2023-24, which is now not needed. Expenditure of £14.9 million on the Capital Programme in 2023-24 will leave the Authority with projected balances of around £12.2million at 31 March 2024. Significantly, in the Medium Term Financial Plan to 2027-28, it is documented that earmarked reserves of £25.621 million will be spent leaving the Authority with a General Fund Reserve of £4.325 million, which is its current target of 5% of its net revenue spend.

Medium term financial planning

The Authority's Medium Term Financial Plan (MTFP) is embedded within the annual budget setting cycle to provide a four year view of priorities and demand for services. This demonstrates that financial risks are considered each year in both the short and long term. The Authority's scenario planning processes ensure the key variables around future funding levels, pay awards and pension costs are built into its MTFP in depth.

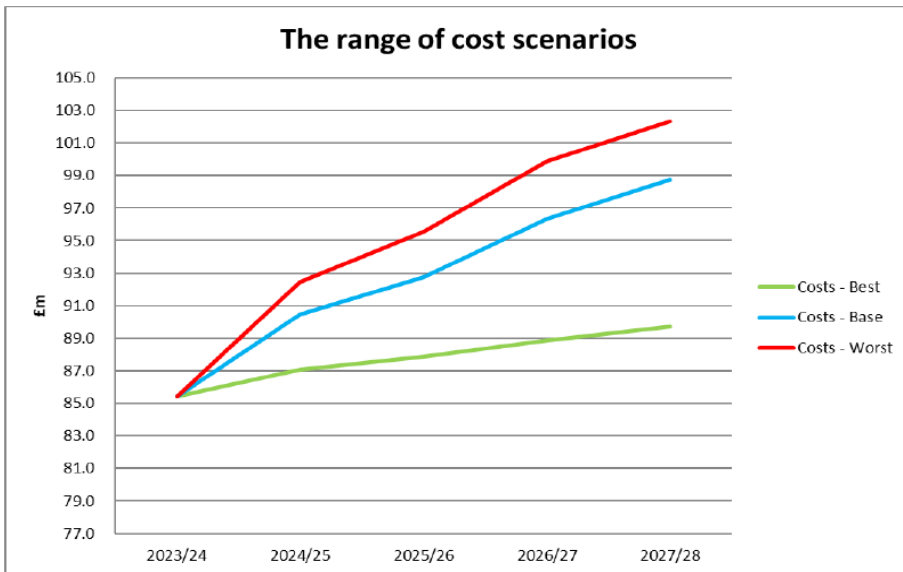
Devon & Somerset Fire & Rescue Authority - Analysis of Spending 2023/24



Financial sustainability (continued)

Medium term financial planning (continued)

The MTFP was presented to the Fire Authority on the 15 February 2023 where a number of scenarios were included based on the best, base and worse cases in relation to funding and costs, as shown below. The current MTFP identifies the need to reduce the costs for the Service over the next three years



The MTFP identifies that there may be a funding gap of up to £20.8 million in 2027-28 if council tax is frozen, falling by £8.6m, to £12.2 million if council tax increased in line with assumed referendum limits (i.e. 1.99%) set by HM Treasury.

Savings targets and the Target Operating Model

The Authority has a good history of achieving savings targets, with over £22.5m saved in the period 2011-12 to 2022-23. Given the big challenge posed by the funding gap and the need to reform the Service, plans have been approved to future-proof the organisation and deliver budget savings.

The Community Risk Management Plan will define the Service's high-level strategy alongside the current creation of a Target Operating Model (TOM) which will align the Service workforce in the most efficient and effective way.

The Authority's Strategic Change Programme, considered by the Authority on 11 December 2023, is based on transformational change in workforce planning to deliver greater efficiencies so that the Authority may reduce its reliance on reserves year on year. There was full support for the four proposals which will result in £1.8 million removed from 24/25 budget in terms of changes to the Whole Time Duty System, the operating model for specialist rescue capability (SRT), the Pay for Availability remuneration, and the policy and practice for dealing with unwanted fire signals.

Summary of findings

Overall, we are satisfied that the Authority has appropriate arrangements in place to ensure it manages risks to its financial sustainability. The Authority is well managed financially and there is a high level of understanding of its budgetary position and its budgetary pressures in the short and the medium term. We acknowledge the challenging context arising after the 22-23 year end, with the significant increase in inflation adding pressures beyond those initially planned for. The significant challenges around financial sustainability in the medium term will need to be a key area of focus.



Governance



We considered how the Service:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Governance and Informed Decision Making

Devon and Somerset Fire and Rescue Service is governed and led by the Fire Authority, which is an independent body comprising of 25 elected Members. The Authority's decision making processes is supported through delegated responsibility to the Audit & Governance Committee, the Community Safety Committee, the People Committee and its Resources Committee. The Authority relies on the reporting of minutes from these meetings to gain assurance that issues are being considered. Members also have access to all committee papers. However we suggest that a high level performance report, similar to the one taken to the Executive Board arising from the business of its Senior Leadership Team (SLT), is taken to each Authority meeting so that all members of the Authority have full oversight of key performance and financial issues. (*Improvement recommendation 1*).

Annual budget setting and budgetary control

The Authority has appropriate processes in place to ensure that budget holders have a key role in setting and monitoring budgets. Finance monitoring reports provide sufficient information to provide an accurate and detailed overview of the financial position without such information being overly complex or simplistic. The budget is developed through stages with the refinement of assumptions and funding stream estimates, examining the budget gap and developing savings proposals. There is also evidence of scenario analysis and planning. We did note a reliance on balancing the budget through the use of reserves, which we have reported upon earlier.

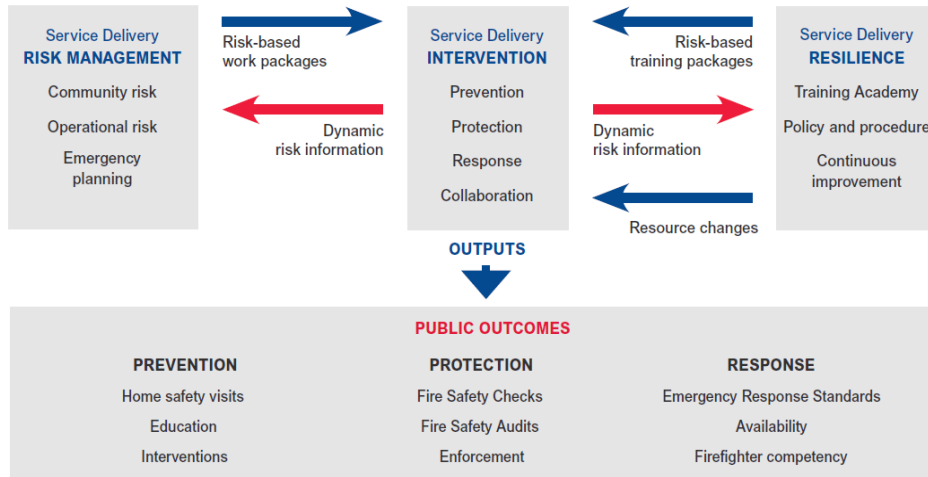
Internal and external stakeholders are involved and consulted within the process and budget managers are required to sign up to and take accountability for delivering their budget. Accurate and timely financial monitoring reports are provided for budget holders. The Finance Team provides regular support and guidance. A separate budgetary control procedure and associated budget manager training was implemented for the 23/24 financial year. Budget managers receive monthly monitoring reports and monthly meetings are held with the finance team to discuss issues, risks and adverse variances. The Resources Committee receives detailed quarterly Financial Monitoring reports for discussion and challenge. In addition, the People Committee receive quarterly activity reports separate to the financial monitoring reports.



Governance (continued)

Community Risk Management Planning

The National Framework issued by central government details the requirement for Fire Authorities to draft, consult upon and publish its strategic intent in the format of an Integrated Risk Management Plan (IRMP) which must span at least three years. In February 2022, the Authority approved its Community Risk Management Plan (CRMP) 2022-2027.

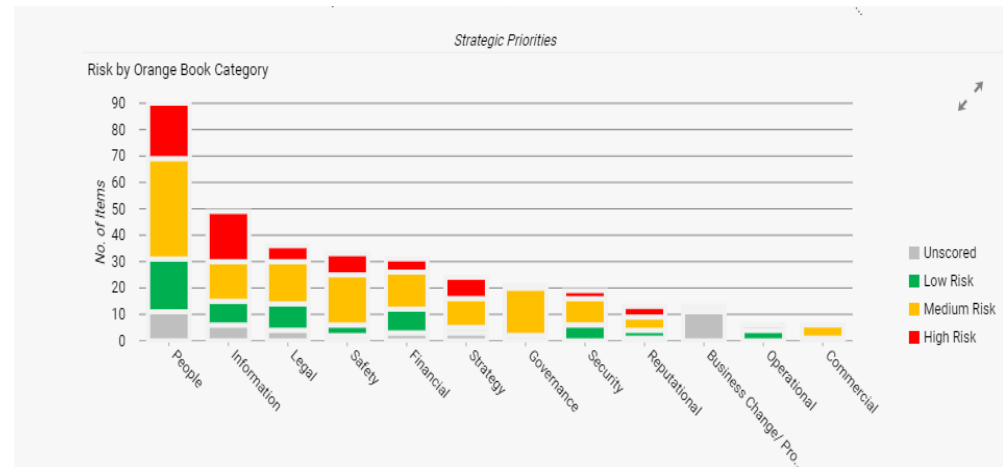


The CRMP is aligned to new National Fire Chiefs Council (NFCC) best practice guidance and outlines the approach to the identification and mitigation of risk within the Counties. The plan is driven and underpinned by an annual Strategic Assessment of Risk (SAoR) which analyses external and internal operating environments as part of the corporate planning process. The SAoR highlights risks faced and describes how the Authority intends to deal with them. The data within the SAoR is used in the Corporate Planning process and identified risks link to core strategies, the CRMP, Corporate Programme, Annual Service Plan and local delivery plans.

Risk Management

A Risk Management Policy is in place, encompassing risk scoring and guidance around the operational arrangements and processes in place for managing, monitoring and reporting risk. Our review of the procedures did not identify any gaps in risk management arrangements as we found it includes key elements for a robust framework to managing risk at all levels across the Authority.

Risks are mapped against the four organisational priorities. The scoring methodology uses a 5 X 5 matrix to prioritise risks. Risk likelihood and impact criteria is clearly documented and includes domains such as financial, service provision and reputation etc. Risks are recorded within the Authority's Corporate Risk Register. The register is reviewed monthly by the Service's Executive Board dependent on net risk score with high risks reviewed each month and medium risks each quarter. Update reports are presented at each quarterly meeting of the Audit & Governance Committee to provide members with oversight of management, mitigation and any new risks or changes to current risks. SharpCloud, a cloud-based software, visualise risk registers at strategic, thematic and local contexts, as shown below.



Governance (continued)

Internal Control and Internal Audit

The Authority has adequate Internal Audit and Local Counter Fraud Services provided by Devon Audit Partnership. Regular reporting is provided to the Audit and Governance Committee with evidence of appropriate oversight and challenge. The Internal Audit Plan for 2022-23 was approved by the Audit and Governance Committee in March 2022 and confirms compliance with the requirements of the Public Sector Internal Audit Standards (PSIAS). A summary of progress against the annual plan is presented to each Audit and Governance Committee meeting, setting out the work completed to date and any significant findings.

The year end Head of Internal Audit Opinion (HoIAO) in 2020-21 and 2021-22 was “Reasonable Assurance”. However for 2022-23, the HoIAO provided “Limited Assurance” regarding the adequacy of design and effectiveness in operation of the organisation's frameworks of governance, risk management and control. This is because there were a greater number of Limited Assurance audit reports for 2022/23, as shown below.

Summary Assurance Opinions

Service Delivery	Service Delivery Support	Finance and Corporate Services
Operation of the critical messaging process Pay for Availability	Fleet Management	Key Financial Systems (Inc. Payroll)
Organisational Safeguarding Assurance Crewing pool	Application of learning (including internal investigations and external reports e.g., Grenfell)	Use of Data Information Security – Availability of systems Control of working hours (multiple contracts) Application of HR policy and procedure – Recruitment and Promotion
Informed the 2021/22 End of Year Opinion Community Safety: Fire Prevention Flexi Duty Rota Personal Protective Equipment Audit		Project Management Maturity Assurance

The HoIAO also noted that “work is already underway to address issues identified and therefore has the potential to positively impact the Opinion in 2023-24.” The Head of Internal Audit Opinion and Annual Report documents that there were no specific incidences of fraud or irregularity that have been brought to the Authority’s attention during 2022-23.

Standards of Behaviour

The Authority has a number of policies and procedures in place to manage and mitigate the risk of fraud, and to outline the standards of behaviours expected from both its members and staff. These include, but are not limited to:

- Codes of Conduct,
- Anti-Fraud and Corruption Policy,
- Whistleblowing Policy,
- Gifts and Hospitality Policy,
- Conflicts of Interest Policy,

However, from review of the information on the Authority’s website, we could not evidence that some of these have been reviewed or updated recently i.e. Anti-Fraud and Whistleblowing Policies. We have recommended that the Authority reviews these policies on a bi-ennial basis to ensure they remain current and reflect the current environment and landscape. [\(Improvement recommendation 2\).](#)

The Service conducted a People Survey, in June 2023, to gather insight from the workforce (including volunteers) about how they feel within their role. Following the analysis of the results, the Extended Leadership Team agreed five areas of focus from the report, which are:

- (1) Inclusion of thought – valuing opinions and ideas for all areas of the Service;
- (2) Bullying and harassment – improving reporting and responses;
- (3) Trust in leadership – having visible leaders who engender trust in colleagues;
- (4) Support staff – valuing support staff and create better learning and development opportunities; and
- (5) Working together – improving collaboration and inter-departmental practices.

The Authority should follow-up the progress against these actions to evidence the impact on standards of behaviour in the Service.

Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority’s arrangements for ensuring that it makes informed decisions but have raised two improvement recommendations to strengthen the governance processes in place.

Improvement recommendations

Improvement recommendation 1

Governance and Informed Decision Making:

We recommend that a summary performance report, similar to the one taken to the Executive Board arising from the business of its Senior Leadership Team (SLT), is taken to each Authority meeting so the Authority has full oversight of key performance and financial issues.

Improvement opportunity identified

To strengthen reporting at the Authority level, rather than place full reliance on minutes from quarterly Committee meetings that not all members attend, to ensure that the Authority has summary timely information on an exception basis that reflects the service's most recent financial and service performance. This is key given the Authority's challenging financial position.

Summary findings

The Authority's decision making processes is supported through delegated responsibility to the Audit & Governance Committee, the People Committee and its Resources Committee. The Authority relies on the reporting of minutes from these meetings to gain assurance that issues are being considered.

Criteria impacted by the finding



Governance


Auditor judgement

Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

Recommendation accepted in full and will be implemented as soon as possible once visualisation solution has been finalised. Expected no later than April 2024.

Improvement recommendations

Improvement recommendation 2	<p><u>Standards of Behaviour:</u> The Authority should ensure that its key governance policies are reviewed and updated on at least a bi-ennial basis.</p>
Improvement opportunity identified	To ensure that the Authority is reflecting the latest local and national requirements in its day to day business.
Summary findings	We could not evidence from the Authority's website that some of its key policies had been reviewed or updated recently for example Anti-Fraud and Whistleblowing Policies.
Criteria impacted by the finding	 Governance
Auditor judgement	Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	Recommendation accepted in full and will be implemented as soon as possible. Expected no later than April 2024.

Improving economy, efficiency and effectiveness







We considered how the Service:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Use of financial and performance information

The Authority has embedded processes in place to monitor and report upon its corporate performance, documenting where corrective action is being taken and supported by clear reporting of trends and causes.

The Authority monitors performance through its Community Safety (Priorities 1 and 2), People (Priority 3) and Resources (Priority 4) Committees who review achievements against the four key CRMP priorities below:

-  **Priority 1:** Our targeted prevention and protection activities reduce the risks in our communities, improving health, safety and wellbeing, and supporting the local economy.
-  **Priority 2:** Our operational resources provide an effective emergency response to meet the local and national risks identified in this plan.
-  **Priority 3:** Devon and Somerset Fire and Rescue Service is recognised as a great place to work: our staff feel valued, supported, safe, and well-trained to deliver a high performing fire and rescue service.
-  **Priority 4:** We are open and accountable, using our resources efficiently to deliver an effective, sustainable service that demonstrates improving public value.

The four priorities are underpinned by 25 objectives aimed at ensuring that the CRMP is delivered and resources are allocated to areas of higher risk. The performance reports provide a good level of detail to enable an appropriate level of challenge, discussion and assurance to be gained. KPI's are presented showing the direction of travel and are RAG rated to demonstrate those which are showing a positive or negative exception. The performance status of the KPIs is based on the following criteria.

Succeeding	The KPI (key performance indicator) is achieving its target.
Near target	The KPI is less than 10% away from achieving its target.
Needs improvement	The KPI is at least 10% away from achieving its target.

When a KPI has a status of “needs improvement”, an exception report will be provided which will contain further analysis and identify whether additional action needs to be taken to drive improvement.

His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) - Areas for Improvement

On 27 July 2022, HMICFRS published the Devon & Somerset Fire & Rescue Service (DSFRS) 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs). Progress against these is monitored by the Authority’s committees with a full update against the action plan presented to the Authority twice per year. The September 2023 Authority report outlines the progress that has been made against the HMICFRS Areas for Improvement action plan to date. The key highlights were that:

- One action within the Cause of Concern action plan is ‘In Progress – Off Track’ due to the need for the trainee/ trainer charter being presented for feedback at the next Equality, Diversity and Inclusion Commission (scheduled October 2023). A further update will be provided once this has taken place.
- Three Areas for Improvement are currently recorded as ‘In Progress – Off Track’ due to:
 - Dependencies associated with the Target Operating Model (HMI-2.2-202206b: Estates Strategy).
 - One action which has not been completed in the required timeframe due to cross-department dependencies (HMI-2.2-202207b: Response - Technology and Innovation).
 - Delays in the development of a revised recruitment policy, to include a process for monitoring temporary promotions (HMI-3.2-202210: Temporary Promotions).

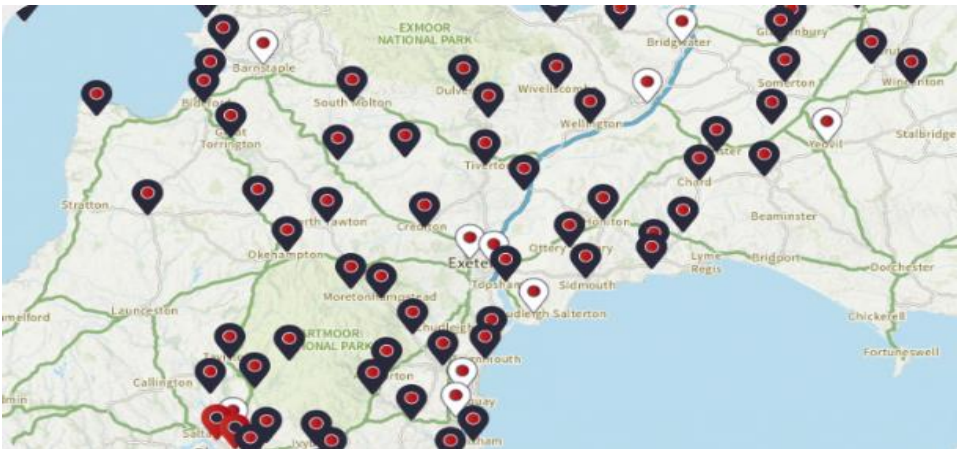
In July 2023, Internal Audit gave a “Substantial Assurance” on the adequacy of the Authority’s arrangements for implementing HMICFRS actions.

Improving economy, efficiency and effectiveness (continued)

Partnership working

The Fire Authority has adequate arrangements in place for working with its partners. The Police Force, Fire & Rescue Service and Emergency Ambulance Service are under a formal duty to collaborate under the Policing and Crime Act 2017. The objectives are to improve efficiency, effectiveness and deliver improved outcomes. To meet the requirements of this duty, the respective blue light services in Devon and Somerset, meet regularly at both tactical and strategic levels. The CRMP was agreed in year following extensive consultation with key partners. Partnership working is crucial in developing prevention strategies. The Authority has plans in place to increasingly use community partnerships, as well as internal and external learning, to identify trends and emerging risks to enable targeting of prevention activities

Geographical spread of Devon and Somerset fire stations

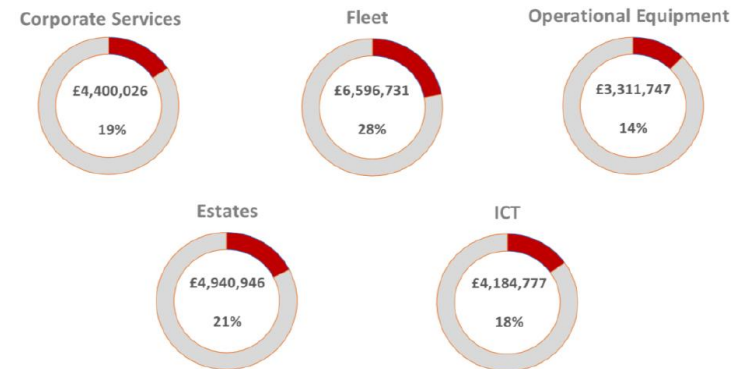


The Authority play a key role in the South West Emergency Services Collaboration (SWESC) which brings together the region's emergency services and directs and coordinates a diverse range of regional collaboration projects. SWESC is recognised as one of the leads nationally and is the largest both geographically and in partner numbers. In support of the emergency services, the programme also has Public Health England SW as a key partner.

Commissioning and procurement

The Fire Authority has appropriate arrangements in place for procuring goods and services and monitoring its contracts.

The Service spends some £16-23 million per annum on goods, services and works with over 800 external providers. The Authority has in place a Procurement Strategy 2023-2028 designed to identify procurement priorities aligned with local, regional and national procurement policy. The approach to procurement is adequately analysed between the following five areas.



Procurement expertise exists within in the Authority with officers specialising and leading on local and national contracts alongside other fire authorities.

Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for improving the way the Authority delivers its services in terms of improving economy, efficiency and effectiveness. We have followed up on the six recommendations, on pages 16 and 17, from the prior years which remain in progress.

Follow-up of prior year recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>1 Financial sustainability: Given the likelihood that any budget gaps will increase further given the current economic climate and inflationary pressures, we recommend that further consideration should be given to introducing a formal and more frequent review and sensitivity analysis and scenario planning on key assumptions and estimates within the MTFP. This will provide transparency on the sector wide uncertainties the Authority is subject to and the potential impact of these on its financial sustainability.</p>	Improvement	April 2023	The MTFP assumptions are reviewed regularly, but only published annually. The Service will shortly be published a Target Operating Model (TOM) document detailing the initiatives that will be implemented to drive sufficient efficiencies to match the funding gap. The TOM will be reviewed and compared to the MTFP at every opportunity.	Yes	No
<p>2 Governance: We recommend that there is a further review controls are introduced to ensure that the draft financial statements are free from error and are internally consistent.</p>	Improvement	April 2023	Within the year-end process, the team have added in additional checks to ensure that the notes and primary statements balance where necessary. This should ensure that any anomalies are spotted and addressed before the Accounts are submitted.	Yes	No
<p>3 Improving economy, efficiency and effectiveness: We recommend that each objective should be supported by clear action plans that set out specificity, how it will be measured, be achievable and realistic and be timebound. This will ensure that objectives and actions can be cascaded to individual Station Managers.</p>	Improvement	April 2023	The corporate planning department is currently developing a strategic planning portal which provides a service dashboard for managers on performance, planning and risk registers. These areas are linked to systems including PowerBI, Sharpcloud, 365 and Verto. The portal within the performance area link directly to skills dashboards, service delivery dashboard, KPI's, PowerBI reports and Verto. The planning link goes directly to the CRMP actions assigned to managers and local community plans for SD managers at all levels. The assurance link provides direct access to organisation and operational assurance and the document repository has relevant service documents and information to support Performance, Planning, Risk and Assurance. There will also be direct links to HMICFRS AFI plan, national operational guidance strategic gap analysis and fire standard action plans. Having a single landing page for performance planning risk and assurance enables managers to understand their actions and which are measured through real time performance data.	Yes	No

Follow-up of prior year recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
4	<p>Improving economy, efficiency and effectiveness:</p> <p>We recommend that going forward, where strategic priorities are refreshed and updated that this is completed ahead of budget round commencement.</p>	Improvement	April 2023	It was agreed by the Executive Board and confirmed to Members that given the need to focus on developing the Target Operating Model (TOM) and subsequent delivery plan to achieve financial sustainability, that a review of the strategic priorities would be deferred until 2024/25. Alongside this, the CRMP will be updated, with input obtained from a commissioned Fire Cover review. A forward look will be presented to the Authority in June 2024 and at this time, recommendations on updates/ changes to the Services strategic objectives will be made. As such, the budget for 2024/25 has been set giving due regard to the existing strategic priorities whilst also ensuring that the outcomes of the TOM are achieved. It remains our full intention to have these in place prior to budget setting in future years.	In progress	No
5	We recommend that a full suite of KPIs be developed covering all strategic priorities.	Improvement	April 2023	Full set of KPIs have been agreed with the Executive Board and final preparatory work is underway to ensure that the necessary data-sets are in place, automated and able to be presented visually using PowerBI.	In progress	No
6	We recommend that a data strategy is developed.	Improvement	April 2023	A new Head of Digital, Data and Technology has been appointed following a detailed review of ICT (including Data) which considering outsourcing the function to a public sector shared services organisation. The decision was made to retain the function in-house but to reform under new leadership. Following an internal restructure of the department to meet urgent delivery needs, a Data Strategy will be developed in collaboration with the wider ELT and Service in the 2024/25.	In progress	No
7	We recommend that the performance data on the Authority website is updated quarterly.	Improvement	April 2023	Completed and now regularly reported on website. Incidents Devon and Somerset Fire and Rescue Service (dsfire.gov.uk)	Yes	No
8	We recommend that the Authority implement a formal partnership register	Improvement	Feb 2022	Following the departure of the previous Director of Digital and Governance this recommendation has been reallocated to the Director of Finance and Corporate Service and Director of Service Delivery for implementation in 2024/25.	In progress	No

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Service's financial statements:

- give a true and fair view of the financial position of the Service as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

We conducted our audit in accordance with:

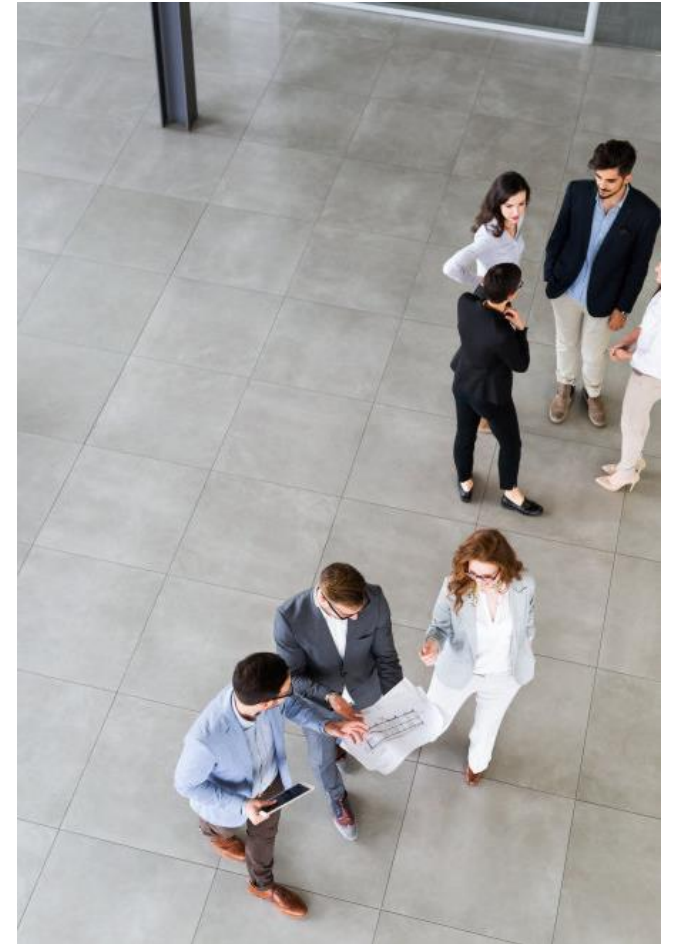
- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Service in accordance with applicable ethical requirements, including the Financial Reporting Service's Ethical Standard.

Audit opinion on the financial statements

Our work on the Authority's financial statements is complete. We have not identified any significant issues, and we issued an unqualified audit opinion on 26th March 2024. The full opinion will be included in the Authority's Annual Report for 2022/23, which can be obtained from the Authority's website.

Further information on our audit of the financial statements is set out overleaf.



Opinion on the financial statements

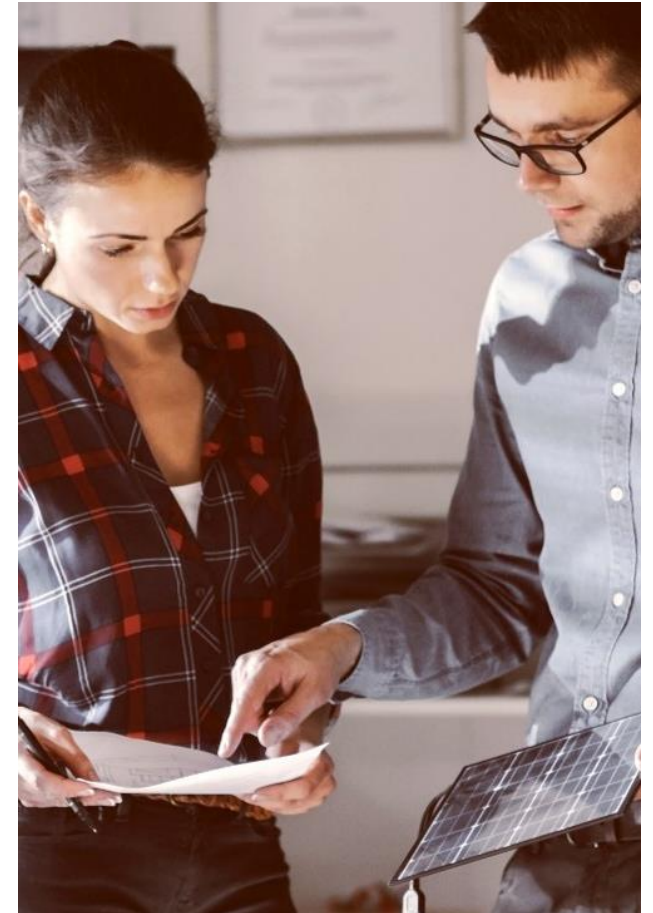


Timescale for the audit of the financial statements

- Our Audit Plan was issued in June 2023 and presented to the Audit Committee
- We completed our planning and interim work from March to June and our final visit between July and December
- The Authority provided draft financial statements on 31 July 2023, later than the national timetable of 31 May 2023.
- Our work on the Authority's financial statements is complete. We have not identified any significant issues, and we issued an unqualified audit opinion on 26th March 2024.

Findings from the audit of the financial statements

More detailed findings are set out in our Audit Findings Report which was presented to the Audit and Governance Committee on 26th March 2024. Requests for this Audit Findings Report should be directed to the Authority.



Appendices

Appendix A – Responsibilities of the Service

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

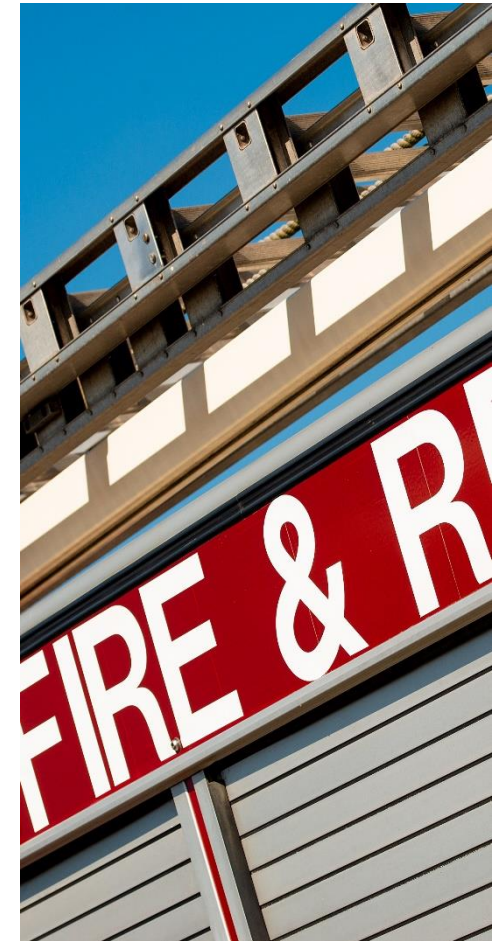
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Service's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Service will no longer be provided.

The Service is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Service’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Service under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Service. We have defined these recommendations as ‘key recommendations’.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Service, but are not a result of identifying significant weaknesses in the Service’s arrangements.	Yes	Governance: pages 12 - 13

