

# Annual Audit and Inspection Letter

London Fire and Emergency Planning Authority

Audit 2007/08

March 2009



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# Contents

<b>Key messages</b>	<b>3</b>
<b>Purpose, responsibilities and scope</b>	<b>4</b>
<b>How is the Authority performing?</b>	<b>5</b>
<b>The audit of the accounts and value for money</b>	<b>8</b>
<b>Looking ahead</b>	<b>10</b>
<b>Closing remarks</b>	<b>11</b>

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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# Key messages

- 1 Following a request for reassessment, the London Fire and Emergency Planning Authority (the Authority) has been assessed as 'Excellent' (the highest category). This recognises the impact that the Authority has within London, nationally and internationally. It also reflects the quality of the leadership, managers and fire-fighters and the corporate systems and processes that are in place to support them.
- 2 Excellent leadership is delivering ambitious aims for equality and diversity. The Authority has improved the diversity of its workforce and this helps it to engage well with London communities. It reached level 5 of the Equality Standard (the highest level) this year.
- 3 The Authority continues to achieve efficiency savings without compromising performance but it is not grasping all opportunities to improve value for money. It is also achieving ambitious targets for carbon reduction and significantly reducing its impact on the environment.
- 4 Prevention and protection work in areas of highest risk is improving outcomes for the most vulnerable in communities. Fires are reducing. Injuries from fires continue to fall. Deaths from fire rose this year but numbers remain low. Hoax calls are falling but attendance at automatic false alarms is still high. Emergency response is good but the Authority did not meet all its targets this year.
- 5 The Authority has been assessed as performing well in its use of resources. An unqualified opinion was issued on the Authority's 2007/08 accounts and an unqualified value for money conclusion was issued in respect of 2007/08.

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### Action needed by the Authority

- 6 The Authority should:
  - continue to maintain the momentum in improving its performance outcomes;
  - give stakeholders more opportunities to shape or influence the Authority's plans and policies;
  - analyse all its activities to make sure that they represent value for money; and
  - implement the recommendations arising from this year's use of resources assessment.

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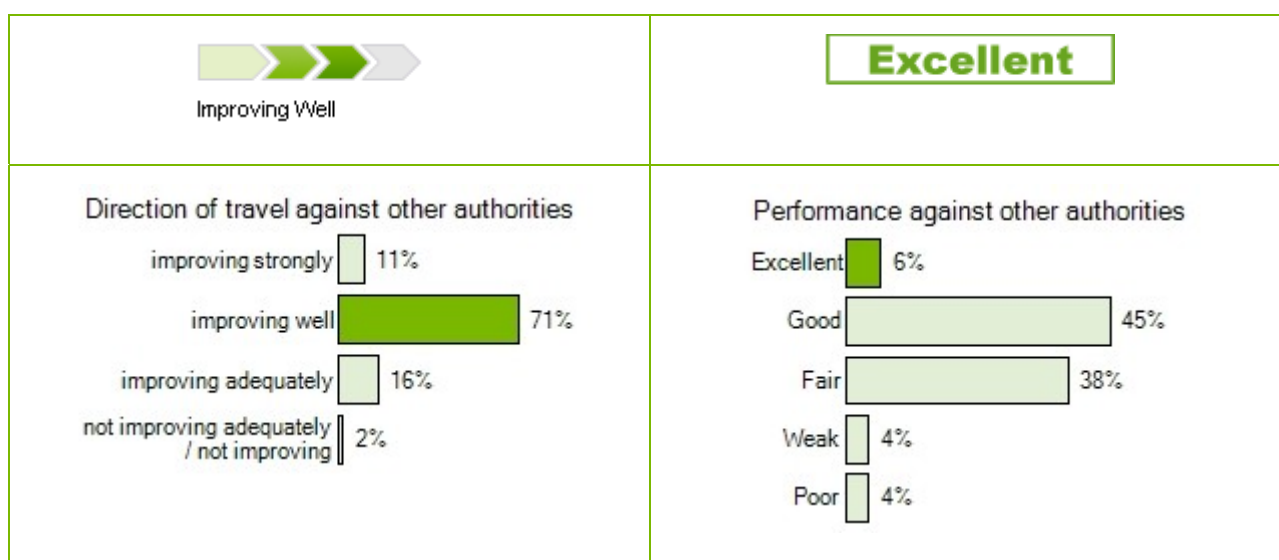
# Purpose, responsibilities and scope

- 7 This report provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the most recent Comprehensive Performance Assessment (CPA) and Direction of Travel review and from the findings and conclusions from the audit of the Authority for 2007/08.
- 8 We have addressed this letter to members as it is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Authority in meeting its responsibilities.
- 9 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). (In addition the Authority is planning to publish it on its website).
- 10 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:
  - the Authority's accounts;
  - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
  - whether the Authority's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 11 This letter includes the latest assessment on the Authority's performance under the CPA framework, including our Direction of Travel report. It summarises the key issues arising from the CPA.
- 12 We have listed the reports issued to the Authority relating to 2007/08 audit and inspection work at the end of this letter.

# How is the Authority performing?

**13** The Audit Commission's overall judgement is that the Authority is improving well and the Authority was assessed as Good in the Initial Performance Assessment carried out in 2004. Following a request for reassessment in 2008 the Authority has been assessed as Excellent. The Comprehensive Performance Assessment assesses authorities on their corporate management, their achievements, community fire safety and how they plan to respond to incidents through their Integrated Risk Management Plan (IRMP). It does not consider tactical management of emergency response. The following chart shows the latest position across all Authorities.

**Figure 1 Overall performance of authorities in CPA**



Percentage figures may not add up to 100 per cent due to roundings

Source: Audit Commission

## The improvement since last year - our Direction of Travel report

**14** The Authority is performing well. The Audit Commission carried out a performance assessment of the Authority in 2004 and assessed the Authority as 'good'. In 2008 the Authority applied to the Commission for reassessment. The Authority has improved its performance since 2004 and it is now assessed as 'excellent'.

**15** The Commissioner and Chairman of the Authority provide strong leadership. They are effective ambassadors for the Authority. As a result partners and communities understand its ambitions and support and value what it is trying to do. Internally, the Commissioner is a visible leader. He inspires the confidence of staff, unions and Authority members. This helps to drive organisational change. Members have clear roles and responsibilities and carry out their duties effectively and diligently.

- 16** The Authority has impact at local, regional, national and international levels. As well as delivering an effective and reliable fire and rescue service for Londoners the Authority has a strong influence nationally in areas such as resilience and promoting equality and diversity. Through international roles such as its work with NATO it brings knowledge and expertise to improve emergency planning for London and the UK.
- 17** Protecting the most vulnerable and those at highest risk is at the heart of the Authority's ambitions and plans. The London Safety Plan (Integrated Risk Management Plan) balances prevention, protection and emergency response based on risk. The Authority focuses efforts and resources where they can have the greatest impact. It is able to do this because it has a well-developed understanding of the social, economic, and environmental challenges facing London communities.
- 18** The Authority works well at a London-wide level maximising the safety of residents, workers and visitors. It contributes to delivery of regeneration projects and developments. It has a key role in the preparations for the 2012 Olympic and Paralympics games giving fire protection a high profile and working with other emergency services on security measures.
- 19** The Authority knows its communities. Reliable risk profiling, good research and exchange of information with partners provides a good picture of the needs and risks in London boroughs. It has an excellent understanding of the diversity of London neighbourhoods and links this to needs and vulnerabilities.
- 20** Borough Commanders are good community leaders and play a key role in local partnerships. Partners value their work highly and this helps to gain local support for the Authority's ambitions. The Authority is not only delivering better outcomes through its own priorities but also contributing well to delivery of partners' ambitions, such as reducing crime and improving neighbourhoods.
- 21** The Authority is good at consulting with local people and partners on issues that directly affect them and takes account of their views. There are good examples of engagement with minority and potentially excluded groups informing local planning. Borough plans reflect the differing needs of communities.
- 22** Consultation on pan London strategies is challenging because of the size and diversity of London but the Authority does not give stakeholders enough opportunities to shape or influence its plans. It often confines its approach to inviting comment on draft plans rather than providing opportunities to inform its policies.
- 23** Reliable internal systems such as performance management, risk management and procurement help the Authority to deliver its aims, the requirements of the National Framework for Fire and Rescue Services (the National Framework) and the priorities of the Mayor.
- 24** Sound financial management directs resources to priorities and enables a flexible response to changing needs. The Authority has delivered significant efficiency savings in recent years and there is a strong commitment to value for money. However, it is not grasping all opportunities for efficiency savings or fully analysing all its activities to make sure that they represent value for money.

## How is the Authority performing?

- 25** Good business planning translates ambitions and priorities into actions and outcomes. Some Borough Commanders have negotiated challenging local targets which are included in Local Area Agreements. However not all corporate targets are challenging.
- 26** The Authority is building the capacity it needs to deliver what it wants to achieve. Workforce planning is robust with an excellent focus on equalities and diversity. The Authority is building skills and expertise and is strengthening management. Working in partnership is also boosting capacity to deliver better outcomes. The Authority has developed good partnerships in all 33 London authorities.
- 27** Performance is good and improving. Strong leadership around challenging ambitions for equality and diversity, sustainability and London resilience is bringing excellent results. It has achieved Level 5 of the Equalities Standard (the highest level). The Authority is also achieving ambitious targets for carbon reduction and significantly reducing its impact on the environment.
- 28** The Authority met the requirements of the National Framework 2006/08 and is progressing against the National Framework 2008/11. Performance against national indicators is good with clear steady improvement in important areas such as reducing accidental fires and arson and injuries from fire.
- 29** Effective community safety projects are delivering the Authority's aims for protecting the most vulnerable; for example, older people and people whose lifestyles make them more vulnerable to fire and other emergencies. Good projects with young people are having real impact not only on the lives and prospects of those taking part but also in reducing anti-social behaviour in the most deprived communities. The Authority has set challenging, London-wide, standards for emergency response although it does not meet them consistently.

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### Service assessment

- 30** The Commission has undertaken a fire and rescue service assessment of the Authority. The assessment focused on service delivery and looked at the effectiveness of the service as experienced by recipients of the service. The Authority was assessed as performing well.

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# The audit of the accounts and value for money

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## Audit of the accounts

- 31** Your appointed auditor has reported separately to the Finance, Procurement and Property Committee on the issues arising from the 2007/08 audit, highlighting:
- an unqualified opinion on the Authority's accounts and the fire-fighters' pension fund account; and
  - an unqualified conclusion on the Authority's arrangements to secure value for money.
- 32** Overall, sound arrangements are in place to produce materially correct financial statements. A complete set of draft financial statements were approved and presented for audit in line with the timetable, with supporting working paper files also available on a timely basis. Where scope for further improvements in the Authority's arrangements has been identified, action for 2008/09 has been agreed with officers.

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## Use of Resources

- 33** The findings of the auditor are an important component of the CPA framework described above. In particular, the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- financial reporting (including the preparation of the accounts of the Authority and the way these are presented to the public);
  - financial management (including how financial management is integrated with strategy to support Authority priorities);
  - financial standing (including the strength of the Authority's financial position);
  - internal control (including how effectively the Authority maintains proper stewardship and control of its finances); and
  - value for money (including an assessment of how well the Authority balances the costs and quality of its services).
- 34** For the purposes of the CPA, we have assessed the Authority's arrangements for use of resources in these five areas as follows in Table 1.

**Table 1**

<b>Element</b>	<b>Assessment</b>
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
<b>Overall assessment of the Audit Commission</b>	<b>3 out of 4</b>

(Note: 1 – lowest, 4 = highest)

- 35** The Authority maintained its overall level 3 assessment. There are generally soundly established arrangements across the range of use of resources' themes reviewed. Progress is being made to implement the recommendations raised in last year's review. In particular, the Authority has issued an updated risk management strategy and a whistle-blowing policy.
- 36** There remains scope to strengthen some arrangements further. The key improvement areas identified in this year's review cover:
- embedding the asset management plan;
  - publicising and embedding aspects of the Authority's arrangements for promoting and ensuring probity and propriety; and
  - ensuring value for money reviews address all aspects of the Authority's operations.

### **National Fraud Initiative (NFI)**

- 37** The NFI is a computerised data matching exercise designed to identify overpayments to suppliers and to detect fraud perpetrated on public bodies. The referrals from the most recent exercise were released to participating bodies in January 2007. Internal Audit co-ordinated the follow-up of matches at the Authority. There were no instances of proven fraud identified by the exercise.

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# Looking ahead

- 38** The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 39** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 40** The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

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# Closing remarks

- 41 This letter has been discussed and agreed with the Director of Corporate Services. A copy of the letter will be presented at the full Authority on 26 March 2009. Copies need to be provided to all Authority members.
- 42 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

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**Table 2     Reports issued**

Report	Date of issue
Audit and inspection plan	June 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Certificate on the WGA consolidation pack	September 2008
Corporate Assessment	February 2009
Annual audit and inspection letter	March 2009

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- 43 The Authority has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Authority's staff for their support and cooperation during the audit.

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## Availability of this letter

- 44 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Authority's website.

Ken Davis  
**Comprehensive Area Assessment London Co-ordinator**  
March 2009

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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## Copies of this report

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