

Assurance Statement: consultation response

Purpose of report

For discussion and direction.

Summary

This paper sets out the key details of DCLG's consultation on Assurance Statement Guidance. It also sets out a proposed joint FSMC/CFOA response to the consultation.

Recommendation

Members are asked to consider the content of the consultation and to comment on and agree a final version of the consultation response.

Action

Officers will act as directed.

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Assurance Statement: consultation response

Background

1. The Government published a consultation on Assurance Statement guidance on 20 September 2012.
2. The new National Framework states that “to provide assurance, fire and rescue authorities must publish an annual statement of assurance” *Fire and rescue National Framework Paragraph 3.2*
3. The aim of the Assurance Statement guidance is to indicate what should be incorporated within authorities’ assurance statements.

The draft Assurance Statement guidance

4. The Assurance Statement guidance sets out the content requirement under four broad headings, Financial, Governance, Operational and Framework Requirements.

Finance

5. The guidance states that “the statement of assurance should briefly set out whatever assessment procedures are in place with regard to fire and rescue authorities’ statements of account. For example, some authorities may have in place internal control mechanisms which ensure efficient and effective management of accounts. Other authorities may have specific audit arrangements, either internally or under agreement with other authorities. Therefore, for the statements of assurance, authorities should set out what arrangements they have put in place, indicating their level of satisfaction with them and any proposals for improvements. Consideration should be given to referencing savings targets, budget planning, and value-for-money on spending”

Governance

6. On governance, the Guidance states that “the statement of assurance should set out what work they have undertaken in conducting a review of the effectiveness of their governance framework, including the system of internal control”.
7. It suggests that a review might cover:
 - 7.1. the adequacy and effectiveness of any review processes put in place by the authority management
 - 7.2. any outcomes from a formal risk assessment and evaluation, e.g. a risk register
 - 7.3. any self-assessments of specific service areas

- 7.4. any other relevant internal audit reports
 - 7.5. any outcomes from reviews by other bodies including external auditors
 - 7.6. how the implementation of any recommendations made by such bodies are being taking forward
 - 7.7. the performance of any service that has been contracted out; including any areas where performance has fallen below a satisfactory standard, and any actions taken by the fire and rescue authority to rectify this.
8. The guidance also notes that in developing the Assurance Statement “fire and rescue authorities should consider the principals of transparency set out in the Code of Recommended Practice for Local Authorities on Data Transparency”.

Operational

9. The draft guidance states that “the statement of assurance should include details of the extent of the consultation exercise undertaken [on IRMPs], and confirmation that communities were provided with relevant and appropriate information to enable active and informed participation in the decision making process”. It also states that “the statement of assurance should also indicate where fire and rescue authorities have entered into agreements and/or mutual aid arrangements with other relevant bodies. Where appropriate, it should include an acknowledgement that fire and rescue authorities have business continuity plans in place which are reviewed at set periods”.
10. Further the draft guidance states that “it may be of interest to communities, and would help encourage best practice, for fire and rescue authorities to include relevant summaries/information on: lessons learnt; training and development; any action plans arising from self assessments/ peer reviews; operational assessments.”
11. The draft guidance goes on to state that “the statement of assurance is the appropriate information point for communities and Government with regard to some considerations which have a bearing on operational competence/delivery”. These include:

Statutory advice received under health and safety or other legislation

- 11.1. Following an incident or activity where advice (e.g. a Coroner’s rule 43 letter, or Health and Safety Executive improvement measure) has been issued to the authority, it is appropriate for the fire and rescue authority to use the statement of assurance as a means to inform their communities how they are taking forward that advice.

Single-issue or thematic areas of interest

- 11.2. Some communities may have an interest in how their fire and rescue authority would respond to single issue events, such as outbreaks of civil disturbance, or a chemical leakage. Where this is the case, the authority should consider using the statement of assurance to make clear to their community that operational procedures are in place to deal with such incidents, backed up by appropriate resources; and how any potential issues of concern are actively being addressed.

Assurance and access to data and information

- 11.3. Fire and rescue authorities' integrated risk management plans may include defined local standards for the delivery of certain functions such as call-handling, operational response times, or levels of fire safety activity. Fire and rescue authorities may wish to utilise the statement of assurance to provide high level assurance of their performance in these areas, including any commentary on actions to improve performance.

Framework requirements

12. The guidance states that "If there are any outstanding issues with regard to fulfilling any of the Framework requirements, fire and rescue authorities should indicate in the statement of assurance the measures that have been taken to address these matters and when they are expected to be resolved.

LGA and CFOA engagement with DCLG before the publication of the draft Guidance

13. Following concerns raised by FSMC about the nature of Assurance Statements at the time of the publication of the Fire and Rescue National Framework, officers from LGA and CFOA have tried to persuade DCLG to publish very limited and concise guidance in recognition that all of local government, including fire authorities already publish a range of information on financial, governance and operational matters. It is extremely disappointing that the proposed content of the Assurance Statements has not been revised to take account of the points we have raised.

Draft consultation response

14. The remainder of this report sets out a proposed consultation response.

Draft consultation response

15. The Fire and Rescue National Framework reflects the new mature relationship between central government and fire authorities and this is welcomed by the LGA and CFOA. Fire authorities have demonstrated through strong leadership, sound financial management, operational successes and high levels of public satisfaction that they are well placed, as

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the then Minister stated in the foreword to the National Framework, “to deliver the services for which they are respected and renowned without being hampered by Whitehall bureaucracy and red tape” .

16. Fire authorities recognise the need to be accountable and have worked hard, and will continue to work, to engage and communicate with communities and to be transparent on priorities and outcomes. It is against this backdrop that the LGA and CFOA have significant concerns about the planned introduction of Assurance Statements.
17. In July 2012 the LGA and CFOA wrote jointly to Neil O'Connor, Director of Fire, Resilience and Emergencies, to set out our concerns with the proposed Statement of Assurance within the new Fire and Rescue National Framework for England. These general concerns are set out again below. At the request of Neil O'Connor on 27 July the LGA and CFOA proposed a number of amendments to the draft guidance on statements of assurance in light of these concerns. These amendments reflected our view that statements of assurance should not introduce additional requirements beyond those in the National Framework or cause unnecessary duplication and should not cut across other existing statutory processes. It is disappointing that none of these amendments have been included in the guidance subsequently issued for consultation on 20 September by DCLG and that the concerns of the professional and political leadership of fire and rescue services have been largely ignored.
18. LGA and CFOA believe that statements of assurance place a significant and duplicative burden on fire authorities, requiring the restating of information that is already publicly available on financial, governance and operational matters all of which are the subject of existing assurance arrangements. The new National Framework includes a strong emphasis on the accountability to communities which is welcomed by fire authorities but we believe that improving openness and transparency does not require an additional layer of process or national prescription given the high standards already achieved by the vast majority of fire authorities.
19. We are concerned that fire authorities are being singled out from the rest of the local government sector if they are required to produce assurance statements. This new requirement also fails to recognise the differing governance structures for fire and rescue services across the country. For example a fire service that is a department within a County Council does not have a separate statement of accounts, annual audit letter or governance statement as these are produced for the council as a whole. Requiring these to be produced for one service area within a council is an added burden and does not fit with the overall reporting arrangements for other council services.
20. The production of Assurance Statements is likely to require significant staff time predominantly from back office or support functions at a time when these are shrinking in order to maintain frontline provision as public spending is cut. As fire authorities are increasingly challenged to demonstrate effective use of all their resources, LGA and

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CFOA would therefore question whether these Statements represent good value for money for the public who would no doubt prefer to see limited funding invested in service delivery.

21. The guidance indicates that statements of assurance should be seen as 'a proportionate requirement for an important public service with no specific inspectorate'. LGA and CFOA do not believe that the statements will provide a higher level of assurance than is currently provided through the existing financial, governance and operational audit arrangements, nor will it provide independent assurance. On the contrary, the assurance statements seem to raise the status of self-assessment to that of national assurance which has never been the purpose of self-assessment processes and indeed could be easily challenged through the courts if they were to be used to evidence such an assurance. It is not clear therefore what benefit government or communities will derive from this particular policy.
22. Section 25 of the Fire and Rescue Act 2004 requires the Secretary of State to report to Parliament every two years on the extent to which fire and rescue authorities are acting in accordance with the National Framework. LGA and CFOA seeks clarity from DCLG on whether, in the absence of a 'specific inspectorate', the Secretary of State intends to use these statements of assurance as the basis of his report to Parliament.
23. Statements of assurance go far beyond the duties and responsibilities currently set out in the various statutory instruments that govern fire and rescue services. It is clear from the many House of Commons and House of Lords committee debates during the development of the first national framework for fire and rescue services in England that there was never an intention to extend the legal duties of fire authorities through the national framework itself.
24. DCLG have frequently indicated that any guidance that would accompany the statements of assurance would be 'light touch' in line with the Government's commitment to 'unburden local government, eliminate top-down bureaucracy, reduce red tape and increase local flexibility'. We believe that 28 paragraphs of guidance does not meet a reasonable interpretation of 'light touch'. The guidance could be reduced to a single A4 page setting out the purpose of a statement of assurance, its intended audience, frequency of publication, how it links to statutory reporting requirements and the relevant signatories.
25. Notwithstanding our general position that assurance statements are unnecessary and the guidance as crafted is burdensome and duplicative, the following comments relate to the specific questions in the consultation.

Response to Consultation Questions

Does the draft guidance set out sufficiently clearly what is expected of fire and rescue authorities to complete their statements of assurance?

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26. Given that this document is intended to be guidance and not instruction LGA and CFOA would suggest that all references to 'should' be removed in paragraphs 15, 20, 21, 22, 27, 28 and 31(ii), 32 and 33 and replaced with 'may'.
27. There is clear overlap with documents which fire authorities and councils are already required to produce by statute, particularly financial accounts, annual audit letters, governance statements and pay policies. These and other documents such as the Integrated Risk Management Plan and annual statistical data are produced at varying times throughout the annual cycle. If the statement of assurance is to be published within three months of the publication of the statement of accounts (paragraph 8) then there will clearly be misalignment with reporting periods for other documents. This will serve to confuse the public rather than provide clarity.
28. Paragraph 10 requires the statements to be 'signed off in the usual way'. Different legal and statutory documents are signed off by fire authorities in different ways depending upon their purpose and in most instances are also signed by the S151 officer or clerk to the authority. Further clarity is required particularly for County fire authorities where other statutory documents are agreed by the whole council.
29. The requirements in paragraphs 11 through 15 are already catered for comprehensively within the various statutory instruments governing the production, publication and auditing of local authority accounts. Independent external auditors verify the accuracy or otherwise of local authority accounts and make an assessment of the adequacy of internal controls. These paragraphs are therefore unnecessary.
30. Paragraph 16 through 18 overlaps with the previous section on internal accounting frameworks. The elements of governance statements and principles of good corporate governance are already well known across fire authorities and are kept under review by the authority's primary advisers – the s151 officer, the monitoring officer and the Chief Executive/Chief Fire Officer. The annual governance statement already identifies key corporate risks and how the authority plans to mitigate these risks.
31. Paragraph 21 seems to indicate that fire authorities would be expected to publish information regarding Operational Assessment self-assessments. LGA and CFOA have consistently argued that this would be counter productive. A self-assessment process encourages authorities to be robustly honest in their analysis of internal strengths and weaknesses so that peers may provide valuable challenge to help authorities identify their own improvements. A requirement to publish a self-assessment could potentially discourage fire authorities from taking part if they are used negatively or vexatiously by others. However, LGA and CFOA actively encourage fire authorities to publish their Operational Assessment reports and improvement plans and to date all have willingly done so.

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32. Paragraph 31 (ii) goes beyond what is already required in an authority's Integrated Risk Management Plan (IRMP). The IRMP is a clear analysis of fire and rescue related risks in an authority's area and a statement of how the authority responds to and mitigates those risks. Whilst the civil disturbance outbreaks during 2011 involved some fire and rescue services in dealing with the consequent fires, responding to civil disturbance is primarily a police and military responsibility. This paragraph sets a level of public expectation that the fire and rescue service is equipped and resourced to respond to any and every type of 'single issue event'.
33. Paragraph 33 appears to imply that fire authorities will have the necessary resources to address any outstanding issues with regard to fulfilling the National Framework requirements. This assumption needs to be removed given the significant funding pressures facing fire authorities. This paragraph should be amended to read 'fire and rescue authorities may wish to indicate within the statement of assurance any concerns with regard to fulfilling the requirements of the Framework, the reasons why, any measures taken to address them and if they are expected to be resolved'.

If not how could it be improved?

34. As set out in paragraph 23 above LGA and CFOA do not view this as 'light touch' guidance and much of the content could be removed given that it duplicates existing statutory reporting requirements and does little to aid transparency or provide a higher level of assurance.
35. The guidance does not recognise the differing governance structures across fire and rescue services and therefore requires substantial amendment if it is to reflect the four current governance models – County services, combined fire authorities, metropolitan fire authorities and the London Fire and Emergency Planning Authority.
36. The guidance takes no account of the differing reporting periods for individual statutory documents and statements. This will mean some of the content of the statement of assurance as currently envisaged will be significantly out of date or unavailable at the point of publication.

Specifically what would you change and what would you add?

37. LGA and CFOA request that detailed comments relating to statements of assurance from those that responded to the National Framework consultation are published on DCLG's website to enable members of the public, fire and rescue service staff and fire authority members to better understand why the statement of assurance is necessary. This could then be used as a signpost if any member of the public questions the value for money of

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such a reporting requirement. We have set out in detail above the areas where we would like to see the guidance changed, and we are happy to work with you on this.

Next steps

38. Following deliberation by FSMC officers will redraft a final version and submit the consultation response to DCLG on 16 November 2012.