

Corporate Resilience in North Wales Fire and Rescue Authority

Audit year: 2020-21

Date issued: April 2021

Document reference: 2388A2021-21

This document has been prepared in accordance with Section 17 of the Public Audit (Wales) Act 2004, section 40 of the Local Government Wales Measure 2009 and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

The Authority has demonstrated its short-term resilience but needs to take some major decisions to remain resilient in the future.

Summary report

Summary 4

Detailed report

The Authority has demonstrated its short-term resilience but needs to take some major decisions to remain resilient in the future 6

The Authority has managed budgets well, but some key risks need to be addressed to remain financially sustainable 6

The Authority has an appropriate governance framework but Members need to play a more central role in addressing the big risks facing the Fire and Rescue Service 9

The Authority has a resilient workforce and has dealt well with immediate challenges, but there are some medium-term risks that need to be managed to ensure services are sustainable 10

The Authority has good examples of how it is integrating assets and developing its use of technology but there are some long standing challenges that need to be addressed to help support future resilience 12

The Authority's business continuity plans helped maintain corporate and operational resilience in responding to the pandemic 13

Appendices

Appendix 1 – Methodology 15

Summary report

Summary

What we reviewed and why

- 1 In 2020-21 we undertook a review of corporate resilience at each Fire and Rescue Authority (FRA) in Wales to provide assurance on how well each Authority is addressing the financial and capacity challenges facing public bodies. This report sets out the conclusions of our review and makes proposals for how resilience and sustainability can be strengthened in North Wales Fire and Rescue Authority (the 'Authority').
- 2 The British Standards Institute (BSI)¹ defines organisational resilience as, "the ability [of an organisation] to anticipate, prepare for, respond and adapt to events – both sudden shocks and gradual change". In simple terms, that means an organisation must be adaptable, competitive, agile and robust in order to survive and flourish. A resilient organisation is one that can anticipate and respond to threats and opportunities, arising from sudden or gradual changes in its internal and external environments.
- 3 The Welsh Government's ambitions in the current National Framework for Fire and Rescue Authorities calls for: "sustained maximum effort in identifying and realising efficiencies, in maintaining high standards of governance, and in accounting transparently for delivery"². The Fire and Rescue Service National Framework describes what the Welsh Government expects of FRAs and sets expectations for continuing improvement, efficiency and innovation.
- 4 Our review of corporate resilience considered the impact of COVID-19 and the risks related to the recovery planning phase. It provides assurance to the Authority, Welsh Government, and the citizens of North Wales on the risks and challenges ahead and establishes a baseline against which the Authority's response to these challenges can be evaluated. We sought to answer the overall question: '**Is the FRA resilient and sustainable in the medium term?**'

What we found

- 5 Overall, we found that **the Authority has demonstrated its short-term resilience but needs to take some major decisions to remain resilient in the future**. We looked at five specific areas and found the following:
 - **Finance:** The Authority has managed budgets well, but some key risks need to be addressed to remain financially sustainable;
 - **Governance:** The Authority has an appropriate governance framework but Members need to play a more central role in addressing the big risks facing the Fire and Rescue Service;

¹ [British Standards BSI \(25 November 2014\)](#)

² [Welsh Government Fire and Rescue Service National Framework](#)

- **Workforce:** The Authority has a resilient workforce and has dealt well with immediate challenges, but there are some medium-term risks that need to be managed to ensure services are sustainable;
- **Assets:** The Authority has good examples of how it is integrating assets and developing its use of technology but there are some long standing challenges that need to be addressed to help support future resilience; and
- **Business continuity:** The Authority's business continuity plans helped maintain corporate and operational resilience in responding to the pandemic.

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out proposals for improvement that we have identified in undertaking this review.

Proposals for improvement	
PFI1	The Authority should review the effectiveness of governance arrangements to provide assurance that current arrangements support robust scrutiny, are holding officers to account and are focussed on addressing the big risks facing the Fire and Rescue Service.
PFI2	To improve succession planning the Authority should restart and build on its high potential candidates' programme.
PFI3	To support resilience the Authority should review station locations to identify opportunities to optimise emergency response arrangements.

Detailed report

North Wales Fire and Rescue Authority has demonstrated its short-term resilience but needs to take some major decisions to remain resilient in the future

The Authority has managed budgets well, but some key risks need to be addressed to remain financially sustainable

- 6 Fire and Rescue Authorities differ from other local authorities in that they are funded from contributions from their constituent authorities and are not precepting or billing authorities. Good financial planning therefore involves engaging and managing positive relationships with local authorities. Positively, in 2019-20 we reported that the Authority had engaged directors of finance in the six North Wales constituent authorities. Funding for fire and rescue services is not discretionary and the Authority secures funding from its constituent authorities through a levy. However, such engagement of key stakeholders helps to improve the understanding and appreciation of the funding provided to the Authority, and prior to discussion with local councillors.³ The Authority can build on this as it develops its approach to involving local communities, both in financial planning and in its wider work.
- 7 Determining financial resilience is not an exact science. Nonetheless, organisations clearly need a sound strategic approach to inform good decision-making. We found that the Authority's Medium Term Financial Strategy (MTFS) 2021-24 is based on a good assessment and understanding of the Authority's current operating environment. For example, it highlights key risks, assumptions and uncertainties including expectations on pay, pension liabilities and the potential impact of Brexit. The continued uncertainty due to the pandemic is also considered, as are legislative changes to building regulations and associated responsibilities following the public inquiry into the Grenfell Tower fire.
- 8 In addition to contributions from the six North Wales authorities, the Authority also receives grant funding from the Welsh Government for specific activities. These include money for Arson Reduction and Safe and Well home checks. Despite these activities being an integral part of the Authority's prevention work, the allocation of grants remains an annual exercise. The short-term nature of Welsh Government funding can make longer-term financial planning challenging for the Authority.
- 9 Overall, we conclude that the Authority is good at managing services within budget, as shown in **Exhibit 2**.

³ [North Wales Fire and Rescue Authority – Review of Involvement, November 2020](#)

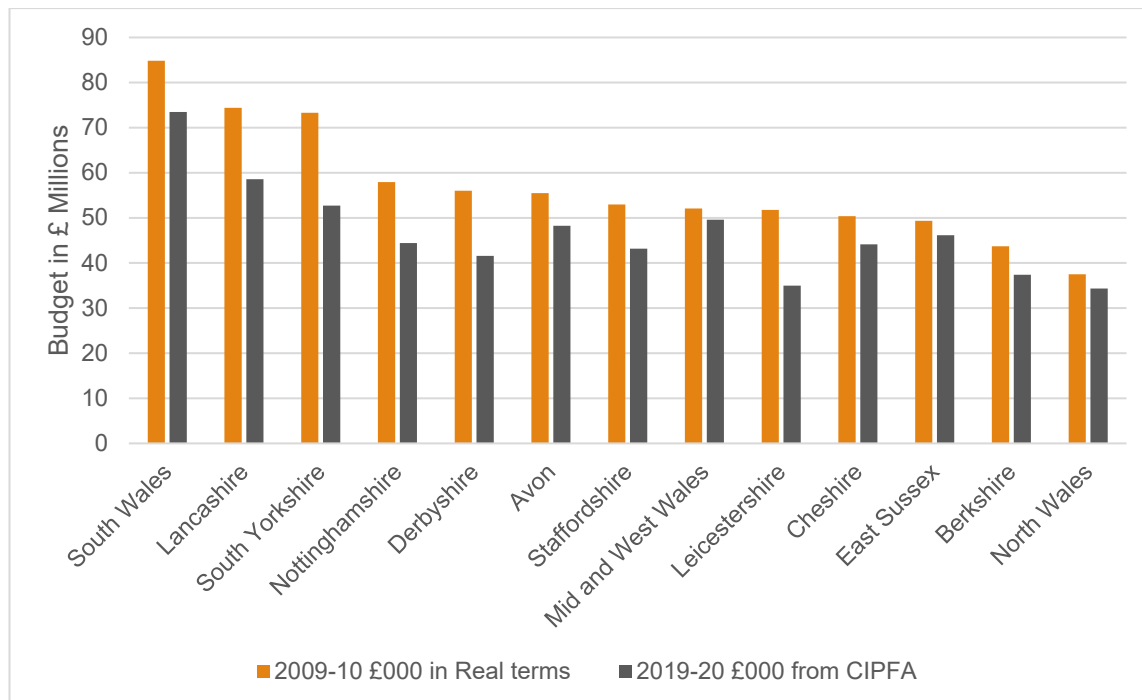
Exhibit 2 – North Wales Fire and Rescue Authority is good at managing within budget

Year	Budgeted forecast – revenue (£000)	Outturn for year – revenue (£000)
2017-18	33.16	33.16
2018-19	34.14	34.14
2019-20	35.24	35.23
2020-21 Estimated	35.94	–

Source: Audit Wales analysis

10 **Exhibit 3** shows the Authority has seen its revenue budget fall by 8.4% in real terms over the last ten years. Our analysis shows that all FRAs have seen their budgets fall in real terms but proportionally Welsh FRAs have generally not experienced the same level of cuts when compared to their English counterparts.

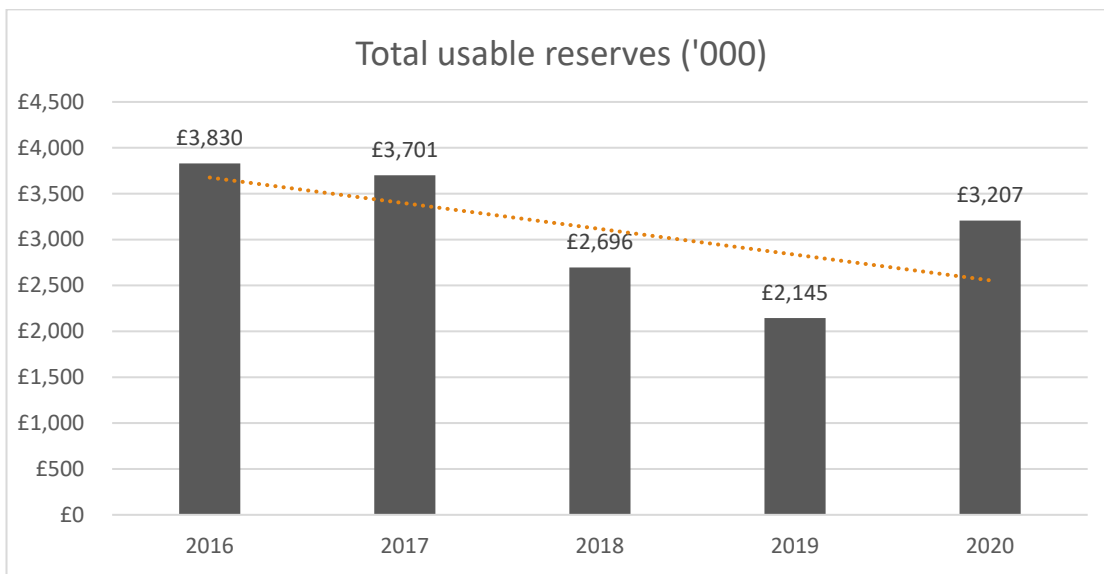
Exhibit 3 – budget change compares favourably with other FRAs



Source: Audit Wales analysis.

- 11 Whilst the Authority has been able to manage revenue funding in recent years, dealing with the impact of COVID-19 and uncertain public funding in the future will be a challenge. The Authority needs to carefully consider its funding position and regularly challenge and update its Medium Term Financial Strategy (MTFS) assumptions and plan because the cost to the public purse of responding to the pandemic is likely to result in pressures on public bodies' budgets for years to come. This will help to ensure its forecasting supports sustainable and resilient finances and help support the Authority to transform and optimise service delivery models.
- 12 FRAs hold financial reserves and as of 31 March 2020 the FRA had £3.2 million of usable financial reserves. This is equivalent to 9% of the FRA's annual spend on services. **Exhibit 4** shows the change in reserves in recent years.

Exhibit 4 – The Authority’s financial reserves have remained stable in recent years



Source: Audit Wales analysis

- 13 The Authority’s Financial Reserves Strategy sets out the risks against which the adequacy of the financial reserves is considered. A key consideration is the ‘treatment of demand-led pressures’ which requires officers to have the skills and capacity to manage individual budgets as well as effectively managing demand on services. Whilst the inclusion of this consideration recognises the individual and collective responsibilities for financial management, we found the Authority has more to do to upskill officers in this area. This is part of a wider challenge related to broadening fire fighters’ skillset to develop the Authority’s future leaders – see **paragraphs 29 to 31**.

The Authority has an appropriate governance framework but Members need to play a more central role in addressing the big risks facing the Fire and Rescue Service

- 14 Governance is the system by which public bodies in Wales are directed and controlled. It is concerned with the structure and processes for decision-making, accountability, control and behaviour of an organisation. Governance influences how an organisation's objectives are set and achieved, how risk is monitored and addressed and how performance is optimised.
- 15 Resilient public bodies embrace open dialogue and use their scrutiny function to provide constructive challenge to senior officers as they make difficult decisions around service provision and the use of resources. Good governance practices can also play a leading role in helping members and senior management to create the right culture for an organisation to be successful and ensure a motivated and effective workforce.
- 16 The Authority has an appropriate governance framework. The key pillars of the Authority's governance structure include:
- the Executive Panel: made up of the Chair and Deputy Chair of the Authority and currently has 11 other members (two invited as representatives from each of the six constituent authorities). The Executive Panel is the Authority's key policy-formulation committee with responsibilities for policy and constitutional issues.
 - the Audit Committee: consists of all non-executive (Executive Panel) members and its remit includes audit and scrutiny of performance, governance, financial and resource management, risk and assurance.
 - the full Fire and Rescue Authority: comprises 28 councillors from the six unitary authorities of North Wales. It performs and ensures compliance with key legislative requirements, agrees key plans and annual budgets and monitors the use of resources.
- 17 Decisions on the day-to-day running of the service lie with the Executive Group which is made up of senior officers. It comprises the Chief Fire Officer, three Assistant Chief Fire Officers and the Assistant Chief Officer. Whilst this current structure is felt to have brought a consistent approach to decision-making, senior officers acknowledge the Authority now needs to devolve decision-making to improve efficiency and effectiveness. To do this, managers need to be equipped and nurtured to become confident and take greater responsibility. Successfully doing this also requires an increased level of confidence in managers by senior officers when making corporate decisions.
- 18 In the early weeks and months of the COVID-19 pandemic, Authority meetings were paused, and the Authority used the Chief Fire Officer's delegated powers to make decisions. This helped the Authority respond dynamically to the rapidly changing situation of the pandemic.

- 19 Emergency legislation passed by the Welsh Government in April 2020⁴ enabled FRAs to hold authority meetings, make decisions and carry out their functions remotely using technology. However, with the exception of regular meetings between the Chair of the Authority and the Chief Fire Officer, remote meetings were not introduced for Members of the Authority until November 2020 – eight months into the pandemic.
- 20 Those we interviewed noted that the suspension of Authority meetings was felt to have little impact on how services were run, and how resources were used. This is to the credit of the senior officers who led the Authority throughout the pandemic. However, it also raises questions over the contribution and role of members in decision making and scrutiny activities. Risks highlighted in this report and issues such as environmental monitoring, optimising station locations, workforce and succession planning, as well as financial matters, should all feature regularly on the Authority's agenda for scrutiny in future.

The Authority has a resilient workforce and has dealt well with immediate challenges, but there are some medium-term risks that need to be managed to ensure services are sustainable

- 21 At the heart of a resilient organisation is a resilient workforce made up of effective and highly motivated staff who can adapt to changing circumstances. Characteristics of a resilient workforce include passionate, energetic staff with high levels of morale and low staff turnover. Access to effective training opportunities, career progression and fair pay can also help create a more enthused and resilient workforce.
- 22 The Fire and Rescue Service National Framework 2016⁵ highlights the need for FRAs to ensure their workforce continues to diversify and is able to respond to changes. Indeed, planning and shaping the workforce to meet current and future demands is crucial to build and maintain resilience.
- 23 Because of its strong 'can-do' culture of problem solving, the Authority can develop its workforce to deliver its responsibilities in the short term. However, whilst officers are well-drilled and are used to responding to emergencies, the sustained nature of responding to the pandemic requires more ongoing support to ensure officers' wellbeing.
- 24 We found that officers have a good understanding of the need to support individuals' resilience in order to improve organisational resilience. Officers are aware of the availability of a designated HR adviser with whom they can confidentially raise any concerns. In addition, those we interviewed articulated a good understanding of the risks associated with mental health and wider wellbeing.

⁴ [The Local Authorities \(Coronavirus\) \(Meetings\) \(Wales\) Regulations 2020](#)

⁵ [Fire and Rescue National Framework, Welsh Government](#)

- 25 The Authority ensures a range of formal and informal initiatives are available to maintain officers' physical and mental wellbeing. This includes access to the Care First platform, a Colleague Support Scheme; and an internal Facebook group where a number of wellness and mindfulness sessions are made available. The Colleague Support Scheme provides a confidential, informal and non-directive system of support for all members of staff. Colleague supporters will refer individuals for more specialist support if needed.
- 26 Officers described the challenge of effective internal communications, particularly with retained fire fighters who make up a large part of the workforce. Traditional communication methods such as the intranet or all-staff emails may not be the most inclusive for those who do not have regular access to laptops. Positively, the Authority allocated email addresses to all staff during the lockdown resulting in improved internal communications. This also provided an opportunity for officers to access a range of training and development opportunities throughout the pandemic.
- 27 The Authority is learning from its experiences of doing things differently during the pandemic. It is developing an Agile Working Policy for corporate service and some operational staff, which is seen as key to maintaining wellbeing and reducing the Authority's environmental impact in the longer term. Agile working is also seen as an opportunity for an improved work-life balance. The Policy was developed in consultation with officers following a staff survey to understand people's experiences of home working.
- 28 The Authority's response to the pandemic has demonstrated that its workforce is able to respond to periods of change. However, officers acknowledge that effective succession planning remains a significant challenge. This risk needs to be addressed to improve the Authority's resilience in the medium term.
- 29 Fire fighters' corporate skills and experiences need to be broadened to create pools of potential candidates for senior roles. Skills such as influencing others, challenging different viewpoints, and generating ideas are not traditionally associated with emergency responders. However, when progressing through the ranks, such skills and attributes become increasingly important in a corporate setting – for example, when promoted from watch manager to station manager.
- 30 In response to this challenge, and in addition to training and development opportunities already in place, the Authority has developed a high-potential candidates and future leaders programme. As part of the programme, officers receive additional support and exposure to a range of experiences aimed at developing their wider corporate skills. At the time of our fieldwork this programme had been paused due to the pandemic. Restarting and building on this programme will help to improve succession planning.
- 31 The uncertainty around the future role of fire fighters presents some risks to workforce planning. For example, the potential for more integration with health bodies and the Welsh Ambulance Services Trust (WAST), and a bigger role in building control and safety, will have a knock-on effect on the current workforce models and shift patterns. In particular, the retained, on-call fire fighters, which is a

recognised model for fire and rescue service delivery in rural areas, presents some risks to the Authority's resilience, especially when posts are vacant and Authority responsibilities are being broadened.

The Authority has good examples of how it is integrating assets and developing its use of technology but there are some long standing challenges that need to be addressed to help support future resilience

- 32 COVID-19 has emphasised the importance of cyber resilience. Reliance on the internet has surged during 2020, with huge numbers of public and private employees working remotely, and with the general public increasing their use of the internet to connect with friends and relatives. The Authority is no exception. Unsurprisingly, cyber security features high on its risk register. The Authority is working towards meeting the standards set by the National Cyber Security Centre (NCSC) and has a number of projects underway to help it achieve Cyber Essentials accreditation. In addition to improving logon protocols and boosting firewall mechanisms the Authority needs to continue its efforts to raise officers' awareness of cyber threats and working cyber safe. The roll out of Microsoft 365 from March 2021 will provide an opportunity to enhance cyber resilience through further training to staff and Members.
- 33 Following employees, the largest cost to FRAs is spending on buildings and vehicles. Good asset management is therefore critical to FRAs' ability to demonstrate resilience and value for money. Buildings need to be fit for purpose and located in the right places for FRAs to achieve adequate cover and deliver services efficiently.
- 34 We found that the Authority has a strategic approach to maintaining current assets. Its five-year estate strategy is based on condition surveys which inform its planned maintenance programmes. With limited funding, maintenance programmes include three-and-five-year projections with regular condition surveys informing prioritisation.
- 35 The Authority works with partners and co-locates to share some assets and platforms with North Wales Police and WAST. For example, the telephony system used by the Authority in collaboration with WAST has generated an annual saving of £82,000 for the Authority.
- 36 With the Authority currently developing an Environmental Strategy, officers we interviewed articulated a good understanding of how asset management can help to implement and achieve environmental benefits. The Authority has earmarked financial reserves to fund environmental activities and relevant expenditure is reported to the Facilities Manager, but not to Authority Members for regular scrutiny. A report on Biodiversity and Resilience of Ecosystems, presented to the full Fire and Rescue Authority in December 2019, highlights opportunities for more regular reporting of performance against the Environment (Wales) Act 2016 to the Authority.

- 37 All FRAs face a challenge to ensure the locations of their fire stations enable them to have adequate cover to respond to emergencies. The most recent review of fire station locations in North Wales was in 2015. Stations are mostly located in the major centres of population, which enables the Authority to deliver the services it needs to. However, officers acknowledge that the Authority's 44 fire stations are not always located in the best location to maintain service resilience with the changing role and expectations being placed on the fire and rescue services.
- 38 We acknowledge that station locations can be an emotive issue. Nonetheless, to ensure the Authority remains resilient in the medium to long term, and is well placed to take on wider responsibilities, the Authority needs to regularly review and challenge its assumptions on stations. The Authority needs to set out the benefits and risks of the current delivery model and the opportunities that exist for improvement. This will allow the Authority to make difficult, but informed, choices on where it needs to make changes.

The Authority's business continuity plans helped maintain corporate and operational resilience in responding to the pandemic

- 39 It is a requirement of the Civil Contingencies Act 2004 and the Fire and Rescue Services Act 2004 that FRAs have appropriate business continuity arrangements in place, so that a required level of response can always be maintained.
- 40 The main principles of good approaches to business continuity are in identifying critical activities and any threats to them, developing a plan which sets out how the Authority will maintain services, and to train staff and exercise plans, so the Authority can be confident that its arrangements will work when needed. Effective business continuity should be embedded into organisations so that its application becomes second nature to staff.
- 41 We found that the Authority has effective business continuity plans in place that have been well used and well tested during the pandemic. The key principles around adopting the tried and tested UK Fire and Rescue Service response and recovery cell structures worked effectively and enabled the Authority to respond dynamically to challenges. Statutory services have been maintained and response services have not been affected. Most significantly, the public should not have experienced any significant difference in service when calling 999 for help.
- 42 From the outset, the Authority recognised that the pandemic had the potential to change society and the context in which it delivers services. Using language such as 'transition' cells helped to ensure officers understood that the Authority is likely to emerge into a very different world, post-pandemic. The Authority has maintained a strong focus on community resilience during the lockdowns. It has found different ways of delivering services – for example, by delivering remote Safe and Well home checks via video calls. It is also working to support teachers and home schooling with its StayWise educational resources.

- 43 When the peaks of COVID-19 cases subsided during the summer of 2020 the Authority took the opportunity to learn from how it responded by engaging with staff to inform a future disaster recovery plan. Different scenarios were also being continually tested. For example, the Authority tested the ability to operate fire control functions from officers' homes as a proof of concept. This was never put into action but having such knowledge and tested experience is key to maintaining and improving the Authority's resilience. Having logged its actions and learning throughout, the Authority is now better placed to support corporate as well as operational resilience.
- 44 The nature and culture of the organisation, including officers' 'can-do' attitude, mean that the Authority is well-drilled in emergency response. However, the pandemic has required a sustained response, alongside ongoing recovery planning. Being in 'emergency response mode' for long periods of time is unusual and a risk to staff wellbeing. Positively, however, in capturing learning the Authority is taking this into account – for example, having recently adopted a new Agile Working Policy.

Appendix 1

Methodology

We asked:

- Does the FRA have robust and effective financial management systems?
- Does the FRA have suitable governance and scrutiny arrangements to ensure effective decision making on financial and workforce matters?
- Is the FRA workforce resilient to respond to periods of significant change both now and in the future?
- Does the FRA manage its technology and assets economically, efficiently and effectively to ensure they remain sustainable in the longer term?
- Does the FRA have effective business continuity plans in place that have been tested and support corporate resilience and help create sustainable services?

We undertook the review during the autumn of 2020. Our methods included:

- consolidating our cumulative audit knowledge and experience, including intelligence gathered as part of the COVID-19 Learning Project;
- reviewing data and key documents;
- interviewing 11 officers and two Elected Members;
- keeping in regular contact with the Chief Fire and Rescue Advisor for Wales;
- carrying out horizon scanning to identify best practice in the UK, including interviews with Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, North Yorkshire Fire and Rescue Service, Bedfordshire Fire and Rescue Authority, and London Fire Brigade; and
- verbal feedback to the Chief Fire Officer and Assistant Chief Officer in January 2021.



Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.