



*cutting through complexity™*

# Review of Combination arrangements

Dorset Fire and Rescue Service  
Wiltshire Fire and Rescue Service

September 2015

The contacts at KPMG in connection with this report are:

**Darren Gilbert**

*Director*

*KPMG LLP (UK)*

Tel: +44 (0) 29 20468205

[darren.gilbert@kpmg.co.uk](mailto:darren.gilbert@kpmg.co.uk)

**Melanie Watson**

*Senior Manager*

*KPMG LLP (UK)*

Tel: +44 (0)117 905 4238

[melanie.watson@kpmg.co.uk](mailto:melanie.watson@kpmg.co.uk)

**Alex McCabe**

*Manager*

*KPMG LLP (UK)*

Tel: +44 (0) 23 80202026

[alexander.mccabe@kpmg.co.uk](mailto:alexander.mccabe@kpmg.co.uk)

**Martin Brooks**

*Manager*

*KPMG LLP (UK)*

Tel: +44 (0)117 905 4365

[martin.brooks@kpmg.co.uk](mailto:martin.brooks@kpmg.co.uk)

	<b>Page</b>
<b>Executive Summary</b>	<b>2</b>
<b>Review of Objectives</b>	<b>3</b>
<b>Recommendations</b>	<b>7</b>
<b>Appendix 1 – Key Lines of Enquiry</b>	<b>8</b>

## Status of report

■ Discussion draft issued to Executive Lead and Auditees	17 September 2015
■ Executive Lead to provide responses to draft	25 September 2015
■ Final report issued to Executive Lead and Auditees	29 September 2015
■ Report presented Shadow Policy & Resources Committee	4 November 2015

## Distribution

To (for action):

- Derek James, Director of Finance (Dorset)
- Phil Chow, Director of Finance (Wiltshire)

Cc (for information):

- Darran Gunter (CFO Designate)

This report is addressed to the authorities and has been prepared for the sole use of the authorities. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psa.co.uk](http://www.psa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the engagement lead to the PCC/CC, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

# Section one

## Executive Summary

<p><b>Background to the Review</b></p>	<p>The Dorset and Wiltshire Fire and Rescue Authority (Combination Scheme) Order 2015 was laid before Parliament on 4 March 2015. This paved the way for the current Wiltshire and Swindon Fire Authority and the Dorset Fire Authority to become a new combined fire authority from 1 April 2016.</p> <p>We have a responsibility under the Code of Audit Practice to issue a conclusion on both fire authorities' arrangements to achieve value for money. The combination will impact on this conclusion. We have therefore agreed with both authorities to undertake additional audit work in 2014/15 to provide independent assurance that the transition to the new Authority is properly managed and to inform our value for money opinions.</p>										
<p><b>Overall Conclusion</b></p>	<p>Wiltshire and Dorset fire services and authorities have put strong governance arrangements in place to establish the new Dorset and Wiltshire Fire and Rescue Authority on 1 April 2016.</p> <p>The business case for combination has been based on comprehensive analysis, a dedicated programme team is managing the transition programme effectively, and appropriate involvement of Members has been facilitated through robust decision-making structures. Staff have been involved in developing plans and experts have been used appropriately where necessary. The programme is largely on track, helped by the pragmatic approach taken to transition, such as prioritisation of ICT changes.</p> <p>Although plans are in a good position to commence on 1 April 2016, the leadership team recognises it needs to ensure that lessons from the recent joining of the control centre are applied to the wider combination programme, particularly in relation to the effect change can have on staff. A review on lessons learnt is due to be published in October 2015.</p> <p>This issue is not considered to be significant overall. Consequently, we have not identified anything from this review that would prevent us from issuing an unqualified VFM conclusion.</p>										
<p><b>Summary of Recommendations</b></p>	<p>We have raised one recommendation as a result of our review (high priority represents the most urgent and high risk category):</p> <table border="1" data-bbox="578 1348 1042 1591"> <thead> <tr> <th>Priority Rating</th> <th>Number of Recommendations</th> </tr> </thead> <tbody> <tr> <td>High Priority</td> <td>-</td> </tr> <tr> <td>Medium Priority</td> <td>1</td> </tr> <tr> <td>Low Priority</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>1</b></td> </tr> </tbody> </table>	Priority Rating	Number of Recommendations	High Priority	-	Medium Priority	1	Low Priority	-	<b>Total</b>	<b>1</b>
Priority Rating	Number of Recommendations										
High Priority	-										
Medium Priority	1										
Low Priority	-										
<b>Total</b>	<b>1</b>										

# Section two

## Review of Objectives

### Scope of work

The following objectives were agreed with management within our terms of reference:

Objective	Description of work undertaken	Work Performed
<b>Objective 1: Overview of transition arrangements (July – September 2015)</b>	<p>An initial review to consider the overarching approach and progress achieved at that point. This will involve initial understanding and assessment of project plans and assessments to support our VFM opinion, including:</p> <ul style="list-style-type: none"> <li>the adequacy of plans to create the new organisation; and</li> <li>the adequacy of arrangements to maintain the performance of services in the transitional period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with relevant officers and staff</li> <li>Review of relevant documentation.</li> </ul>
<b>Objective 2: Readiness review (January- February 2016)</b>	<p>A second review prior to vesting date, to consider the preparedness for the new Authority.</p>	<ul style="list-style-type: none"> <li>To be completed December 2015 and reported to members on 14 January 2016</li> </ul>

### Strategy and Leadership

#### Areas of Good Practice

- ✓ Officers and Members at both Fire Authorities have shown commitment to making a successful transition to the new organisation. A Combination programme has been agreed that sets out five key objectives such as *'the transition to cause no significant adverse impact on service delivery'*, and nine critical success factors, such as strong leadership, and robust stakeholder engagement.
- ✓ A wide group of staff have been involved in helping to develop the vision for the new Authority and Service. This vision has been informed by comprehensive analysis of key partners' plans and through workshops with officers, middle managers, and representatives from other high-performing fire services, and a Members' Seminar.
- ✓ The Vision and its four supporting priorities will be articulated in the new organisation's Community Safety Plan, a draft of which is planned for February 2016.
- ✓ The existence of a dedicated programme team and a sensible approach to task prioritisation such as suspending new initiatives in each Service unless it contributes to the Combination, has helped senior staff achieve an appropriate balance between Combination tasks and business as usual. The Programme has had no noticeable impact on operational performance, for example home safety check scheme visits are at an all time high.
- ✓ The Combination Programme benefits from strong governance and decision making structures, as set out in the Combination Programme. The Programme Team, which includes staff from both Services, reports regularly to the Joint Leadership Team (JLT). A joint Shadow Policy and Resources committee is in place attended by Members of both Authorities, and each Member is also involved in at least one of the six workstreams that make up the programme. This enables Members to stay well informed about Combination progress.
- ✓ Both services have used Internal Audit proactively and in a co-ordinated way to give assurance that plans and business cases are robust and to provide assurance on progress. The latest internal Audit report in July 2015 reported that governance arrangements are robust and work well.

## Section two

# Review of Objectives (continued)

### Strategy and Leadership

#### *Areas of Good Practice (continued)*

- ✓ A Stakeholder Engagement Plan was agreed in March 2015. External communications expertise has been commissioned to ensure the plan is implemented. The Services have embarked on joint visits to all workplaces in September/October to speak to staff.

### Planning for Combination

#### *Areas of Good Practice*

- ✓ The Combination Programme is structured around six workstreams, such as Corporate Governance, and People & Organisational Design. Each workstream has an executive lead and a workstream manager, plus a team of functional leads. Within each workstream is a series of projects or mandates.
- ✓ The programme has clear and well defined objectives underpinned by robust delivery arrangements overseen by both senior officers and Members.
- ✓ Functional reviews of all services are being undertaken to identify the future service shape and needs.
- ✓ Strong management of the programme is supported by a dedicated Programme Team facilitated by an effective electronic programme management system, a forward programme of meetings and paper deadlines, and a programme Gantt chart, that keeps track of all updates and provides clear up to date information for scrutiny and decision making.
- ✓ Clear and well-structured updates on workstream progress are reported to the JLT on a regular basis. These reports enable risks to be escalated for resolution. For example, the need for additional HR administration resources was escalated to the JLT and additional staff resource was obtained.
- ✓ The Shadow Policy and Resources Committee also receives regular updates on progress, which include RAG rated commentary against the nine critical success factors for the Combination, updates on each mandate and commentary on finance and programme risks.
- ✓ The joint leadership has a good understanding of the issues in relation to transition with plans in place or planning to be developed, for example related to cultural integration and talent management or retention.
- ✓ Mechanisms are in place to ensure interdependencies between mandates and workstreams are understood and managed.
- ✓ The Programme has taken a pragmatic approach to reviewing and revising policies and procedures. An internal audit review has concluded that sound and correct processes are being utilised to ensure critical policies are in place for 1<sup>st</sup> April 2016. Officers are also taking the opportunity to reduce the number of supporting procedures and simplify the current approach.
- ✓ The Combination has access to sufficient specialist support such as legal and HR advice. It has commissioned external expertise and resource as required such as for job evaluation and pay structure development.
- ✓ At the time of our review the Combination Programme was largely on track. One mandate (Flexi Duty System) was slipping, but the Programme was confident that this posed no significant risk to impeding successful Combination on 1 April. A general programme risk has been raised with members.

#### *Areas for development*

- Managers recognise that the mechanics of the Combination have been strongly managed, but have learnt from the early 'combination' of the Joint Control Centre that they need to pay more attention to the impact of change on people in the affected teams. **Recommendation 1**

# Section two

## Review of Objectives (continued)

### People

#### *Areas of Good Practice*

- ✓ Staff have been involved in a number of ways in planning for Combination. The leadership can demonstrate that it has engaged with and listened to staff in developing its plans such as developing the new vision, and in informing the choice of new branding.
- ✓ A Joint Protocol between Dorset and Wiltshire fire services and the relevant Representative Bodies has been developed.
- ✓ The Programme Team has developed a schedule of meetings in September at every staff worksite with representatives from both Dorset and Wiltshire at each to brief staff on Combination progress and to answer questions. Staff briefings are also planned for October and January.
- ✓ A shared website has been established for staff with information and updates about the Combination. Its use is monitored so that information can be targeted at any parts of the business that are not registering for the website.
- ✓ Clear information and training has been provided for managers on legal and HR aspects of the transition such as TUPE, job evaluation and timelines for transition.
- ✓ Improved training on Equality Impact Assessments is also being rolled out to Functional Review leads and those staff developing new policies, after it was recognised that earlier training was not meeting needs.
- ✓ External expertise was commissioned to complete job evaluation and develop a new pay model. A final costed structure should be available in September with formal consultation planned for mid October.
- ✓ The Combination Programme has the benefit of an HR Director dedicated full time to the Programme. When the need for additional HR administrative resources was identified by the Programme Team, this was presented to the JLT and actioned.
- ✓ A Transition Plan was in draft form at the time of our review and is currently out for consultation with Representative Bodies. This sets out how staff will be assimilated into the new organisation. Staff will be able to express a preference of which posts they wish to be considered for, supported by information on their experience and qualifications. This information will be validated by their line manager.

## Section two

# Review of Objectives (continued)

### Finance

#### *Areas of Good Practice*

- ✓ The Combination Programme has as one of its key objectives the requirement to save £800k - £1m during 2015/16. By July 2015/16 savings of £0.731m savings had been achieved through post reductions and capital finance savings.
- ✓ Each work stream has identified cashable savings and these are monitored on a monthly basis. Internal Audit reviews have confirmed strong financial and governance arrangements in place with sound reporting processes to ensure that the financial savings targets and budgeted programme cost are met.
- ✓ A Medium Term Financial Plan is under development for the combined authority
- ✓ The combination has successfully secured £5.54m from the Government to support the transition process.
- ✓ The Business case for the Combination was audited and found to be sound and included appropriate detail related to both the Combination option, and also the other options.
- ✓ Good interactions from relevant committees has ensured that effective plans are in place for signing the 31 March 2016 accounts, despite the fact that the legal entity will no longer exist.
- ✓ Contractual commitments have been identified and considered, such as the IT hub which will continue.
- ✓ The business plan includes detailed costs including the costs of reorganisation. These have been factored into benefits planning. At this stage some estimation is necessary but plans are being refined as information is firmed up.
- ✓ The Programme Team and workstream leads are provided with sufficient finance advice and support to inform their plans and reviews.
- ✓ Key decisions are reviewed by Internal Audit in detail to provide assurance to JLT and the Shadow Policy and Resources Committee.

### ICT

#### *Areas of Good Practice*

- ✓ A pragmatic approach has been taken to what can be achieved by 31st March 2016 whilst maintaining business as usual (BAU) activity. Software will be reviewed as part of a three year migration plan, however, three key systems have been identified for harmonisation this financial year including the financial management system, performance management system and flexi-officer rota system.
- ✓ An ICT Baseline Review has been undertaken.
- ✓ The identification and setting of realistic business objectives that can be achieved prior to the 31st March 2016 has taken place.
- ✓ Regular reporting to JLT and, where appropriate, to Members on the progress of each project is occurring.
- ✓ The Programme is utilising the relevant experience of a number of Members to inform discussions on the ICT Workstream project team.
- ✓ Internal Audit has been used to provide both technical and governance reviews. Auditors meet regularly with the ICT manager and are kept up to date with scheduling changes.

#### *Points for consideration*

- A number of mechanisms have been put in place to monitor tasks, timescales and resources to ensure that there are sufficient resources in place to achieve desired timescales. However, as the team is relatively small to implement the change and there are a number of factors that are outside of the control of the team, it is important that the monitoring currently in place is maintained especially as the implementation dates get nearer.

## Section three

# Recommendations


This section summarises the recommendations that we have identified from our work. We have given each of our recommendations a priority rating (as explained below) and agreed with management what action will be taken.

### Priority rating for recommendations raised

**High Priority:** A significant weakness in the system or process which is putting you at serious risk of not achieving your strategic aims and objectives. In particular: significant adverse impact on reputation; non-compliance with key statutory requirements; or substantially raising the likelihood that any of your strategic risks will occur. Any recommendations in this category would require immediate attention.

**Medium Priority:** A potentially significant or medium level weakness in the system or process which could put you at risk of not achieving your strategic aims and objectives. In particular, having the potential for adverse impact on your reputation or for raising the likelihood of your strategic risks occurring.

**Low Priority:** Recommendations which could improve the efficiency and/or effectiveness of the system or process but which are not vital to achieving your strategic aims and objectives. These are generally issues of good practice that the auditors consider would achieve better outcomes.

#	Priority	Recommendation	Management response/Officer /Deadline
1	 <b>Medium Priority</b>	<p><b>Impact of change</b></p> <p><i>Issue</i></p> <p>Managers recognise that the mechanics of the Combination have been strongly managed, but that they need to pay more attention to the impact of change on people in the affected teams.</p> <p><i>Risk</i></p> <p>Insufficient understanding of the affect of change on people affected may hinder the development of an effective culture in the new organisation.</p> <p><i>Recommendation</i></p> <p>The Combination team should rapidly review the lessons learned from the early joining up of the Joint Control Centre and apply these lessons to the delivery of the wider Combination.</p>	<p><b>Management Response:</b></p> <p>A review has been agreed by JLT and is underway. A report is expected in early October 2015</p> <p><b>Officer:</b></p> <p><b>JLT</b></p> <p><b>Deadline:</b></p> <p>October 2015</p>



# Appendix One

## Key lines of enquiry

### 1. Strategy and leadership

- Are the aims and objectives of the Combination clear, well communicated, and widely understood?
- Has the scope of the Combination been clearly defined?
- Is there joint ownership of the vision and strategy amongst both organisations?
- Is senior management time effectively balanced between strategic and operational issues to ensure continuity of service delivery as well as successful transition?
- Is there an effective communications plan in place that ensures staff and stakeholders remain engaged and motivated?
- Are governance and decision-making arrangements clear?

### 2. Programme Management

- Have sufficient dedicated resources been secured to enable robust planning and implementation?
- Are roles and responsibilities for programme management and decision-making clear?
- Do programme management arrangements ensure effective reporting and scrutiny of plans?
- Are decision-makers provided with clear information in order to make robust decisions e.g. options for business change?
- Are programme risks effectively managed and reported?
- Are the benefits of the greater collaboration arrangements clearly articulated and robustly tracked?
- Are decisions based on clear, reliable and up to date information?
- Are project interdependencies effectively identified and managed?
- Is sufficient legal advice and support available to business areas and the programme team where necessary?

### 3. People

- Have staff and other stakeholders been sufficiently involved in plans and business area reviews?
- Are sufficient HR resources in place to deal with potential increased activity during the change process?
- Are Business Areas provided with sufficient HR advice or support to inform their plans or reviews?
- Have the costs of any staff changes been factored into business cases?
- Do plans to change staffing satisfy the principles of speed, fairness and avoiding uncertainty?

### 4. Finance

- Have contractual commitments been identified and considered?
- Are the costs of reorganisation factored into benefits planning?
- Is the costing of areas under review appropriate, including the development of relevant KPIs and the setting of financial targets?
- Are Business Areas provided with sufficient Finance advice and support to inform their plans or reviews?

### 5. ICT

- Have the future ICT needs of the new organisation been identified and planned for?
- Have IT commitments and contracts been identified and considered in future plans?
- Has compatibility or suitability of existing systems been identified and considered in future plans?
- Are plans in place for how existing assets (hardware and software) and future assets of the two forces are going to be managed?
- Are Business Areas provided with sufficient ICT advice and support to inform their plans or reviews?
- How are ICT related policies from each organisation being aligned e.g. information security, information management?