

Deloitte.



Scottish Fire and Rescue Service

Report to the Audit and Risk Assurance Committee on the 'Audit Dimensions and Best Value' for the year ended 31 March 2021

Issued on 20 August for the meeting on 26 August 2021

Contents

01 Our report

Introduction	3
<i>Audit dimensions and best value</i>	
Overview	5
Financial management	6
Financial sustainability	11
Governance and transparency	19
Value for money	24
Best Value	27
Emerging issues – climate change	28

02 Sector developments

Scottish Futures Trust - New Frontiers for Smarter Working, Work and Workplace post COVID-19	31
--	----

03 Appendices

Purpose of our report and responsibility statement	33
Action plan	34

Introduction

The key messages in this report

Background

As set out in our audit plan, the Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland.

Our audit work has considered how the Service is addressing these and our conclusions are set out within this report.

Scope of audit

Our audit work was risk based and proportionate, covering the four audit dimensions as follows:

- Financial management;
- Financial sustainability;
- Governance and transparency; and
- Value for money.

We have also considered the accountable officers arrangements to secure Best Value ('BV') as part of this work.

I have pleasure in presenting our report to the Audit and Risk Assurance Committee ('the Committee') of the Scottish Fire and Rescue Service ('the Service') as part of our 2020/21 audit responsibilities. I would like to draw your attention to the key messages from this paper.

As discussed in our audit plan, the risk profile of public bodies for 2020/21 audits is significantly affected by the COVID-19 pandemic. Our audit work across each dimension has therefore been specifically focussed on how the Service has responded to these risks.

It is important to note that audits are by nature risk based. Where we don't identify any risks, being the areas likely to have the most good practice, we don't consider them in our work. Where we identify risks, being areas likely to have most room for improvement, we consider them in our work. Our work is by design therefore more likely to pick up areas for improvement; but where we identify good practice through our risk-based work we highlight it. This represents the most effective use of limited audit resources. It is important to stress that the audit therefore is not an opinion on the overall performance of SFRS, it is an opinion on parts of SFRS which have been identified as being most in need of audit as a result of a risk assessment.

Our overall conclusions on each dimension are summarised below, with full details provided in the main body of the report:

Financial Management – The Service has effective financial planning and management arrangements. However, there remains room for improvement in setting out savings targets and performance against these, how the budget is presented, the assumptions underpinning it, how it links to the Medium-Term Financial Model ('MTFM') and Long-Term Financial Strategy ('LTFS'), and how it will enable the Service to allocate its resources to drive improvement in outcomes.

The level of outstanding recommendations from internal audit, either overdue or with revised implementation dates, suggests an issue with capacity or focus on implementation. The arrangements for prevention and detection of fraud continue to require to be further improved, as was identified by an internal audit review.

Financial Sustainability – The Service achieved short-term financial balance in 2020/21. There is, as yet, insufficient evidence for us to conclude as to whether the Service can achieve short-term financial balance in 2021/22. While it is positive to note that the Service is actively assessing the financial impact of COVID-19, the anticipated impact has not yet been quantified or reported.

The Service is aware of the significant issues it faces with regards to capital investment. The Service's Capital Programme needs to tie in to the Asset Management Strategy ('AMS'), LTFS or the Service's change programme. It should also quantify the ongoing impact or risk of less than required investment. Reporting against the Capital Programme should provide sufficient evidence to conclude as to whether capital projects are delivered on time and on budget.

Introduction (continued)

The key messages in this report (continued)

Financial Sustainability (continued) - The LTFS developed by the Service is in line with good practice. However, the Service should ensure this document is used for ongoing decision making, is reported against, and is clearly linked to the MTFM, Capital Programme, Workforce and Strategic Resourcing Plan or Resource Budget. The LTFS should act as a strategic document that supports longer-term financial thinking.

Key to the Service's financial sustainability is the delivery of a comprehensive change programme. The Service is in the early stages of transitioning to a new change programme, following a comprehensive review of the Service's approach to change. We will continue to review the Service's approach to change as it progresses throughout 2021/22.

Governance and Transparency – The Service continues to have effective governance and scrutiny arrangements in place, although improvements should be made with regards to the implementation of these arrangements. Appropriate arrangements have been put in place in response to the COVID-19 pandemic. While the Service continues to be open and transparent, it could have permitted public access to meetings earlier than it did, and there remains room for improvement in this area.

The Service continues to have strong leadership in place. This has been particularly evident in the response to COVID-19. Changes to the management structure with the creation of a Service Delivery Directorate and a Service Development Directorate are positive steps as the Service moves to having transformation at a strategic level as part of normal Service business.

Value for Money – We recognise that the COVID-19 pandemic has had a significant impact on the Service. It is important that the Service take any lessons learned as it moves into the recovery phase to consider alternative approaches to service delivery. The Service has a clear and robust Performance Management Framework which is aligned to the National Performance Framework. However, performance reporting is inconsistent and reporting improvements that demonstrate how different parts of the Service are performing comparatively should be deployed. Performance reporting would benefit from more narrative which clearly sets out how indicators and outcomes tie in together.

Best Value – The Service has sufficient arrangements in place to secure Best Value with a focus on continuous improvement, although there is room for improvement in the Service's internal processes for identifying areas for improvement and implementing the necessary changes, as well as in the pace of improvement.

Emerging issues

Deloitte's wider public sector team prepare a number of publications to share research, informed perspective and best practice across different sectors. We have provided the most relevant to the Service on page 31 of this report.

In particular, we have provided a high level assessment of where the Service is in its response to the Climate Change Agenda, discussed on pages 28 and 29.

Next steps

An agreed Action Plan is included on pages 34 to 46 of this report, including a follow-up of progress against prior year actions. We will consider progress with the agreed actions as part of our 2021/22 audit.

Added value

Our aim is to add value to the Service by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Service promote improved standards of governance, better management and decision making, and more effective use of resources.

This is provided throughout the report. In addition, we have shared invites to relevant Deloitte-led webinars with the Service.

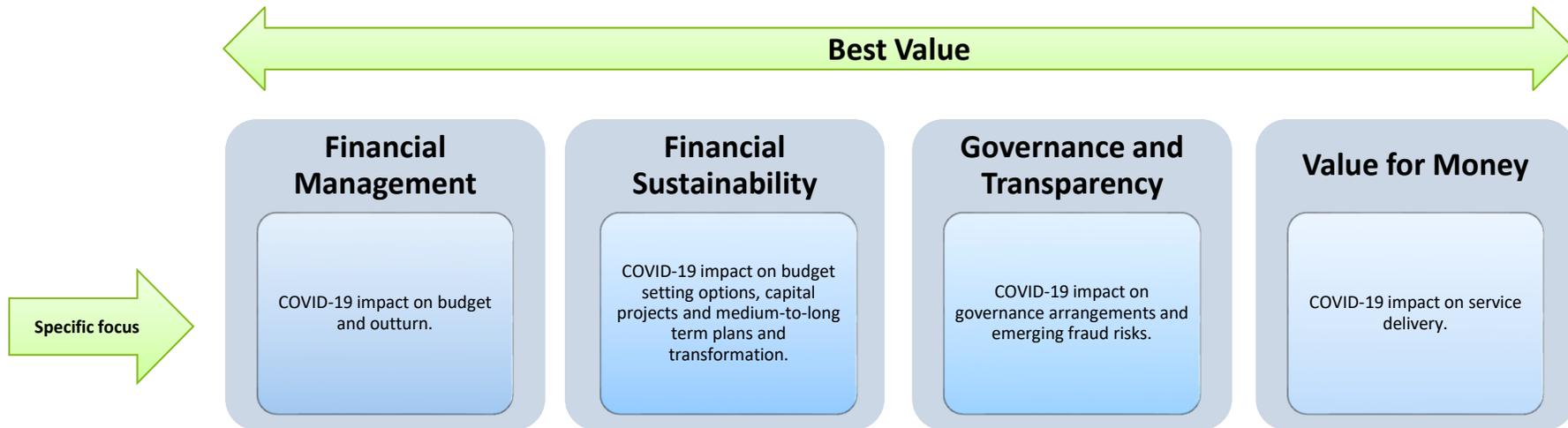
Pat Kenny
Audit Director

Audit Dimensions and Best Value

Overview

As set out in our audit plan, public audit in Scotland is wider in scope than financial audits. This report sets out our findings and conclusions on our audit work covering the areas set out below.

The risk profile of public bodies for the 2020/21 audits is significantly affected by the COVID-19 pandemic. Our audit work across each dimension has therefore been specifically focussed on how the Service has responded to these risks.



Financial Management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



Is financial management effective?



Are budget setting and monitoring processes operating effectively?



Is there sufficient financial capacity?



Financial Management

Areas considered

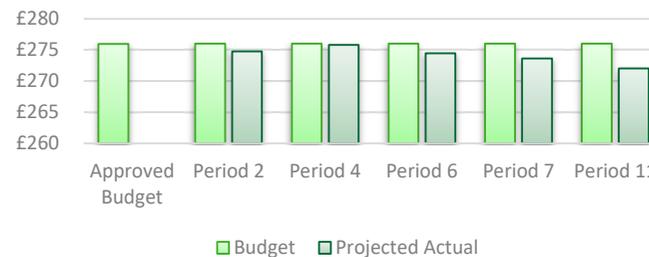
Our approach to the audit dimensions is risk focused. Within our audit plan, we confirmed that while there was no specific risk in relation to financial management, we would continue to review the Service's financial management arrangements including the extent to which there is effective scrutiny over both operational spend as well as delivery of savings plans.

Current year financial performance

2019/20 conclusion: The Service reported an underspend of £1.4m against total cash Departmental Expenditure Limit. The main contributory factor to this underspend was as a result of an underspend on employee costs.

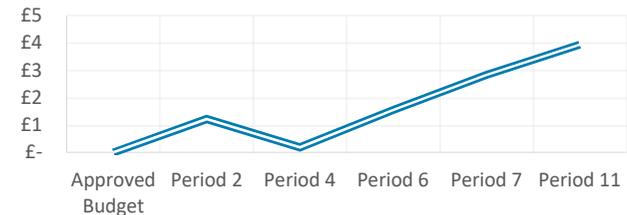
2020/21 update: The 2020/21 budget was approved by the Board on 26 March 2020. The 'resource' budget remained static at £276m throughout the year, although the Service returned £1m to the Scottish Government as a result of a net saving from the impact of COVID-19. The 'capital' budget moved from £32.5m to £39.6m over the same period.

Resource budget performance (£m)

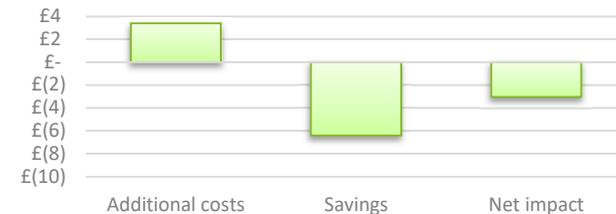


The projected resource outturn is £272.1m, representing an underspend of £3.9m against the original resource budget. This underspend is primarily due to the impact of COVID-19, which has resulted in net savings of £3.035m in 2020/21 (although some of these 'savings' are expected to result in additional cost pressures in future years, for example on training and development).

VARIANCE AGAINST BUDGET (£M)

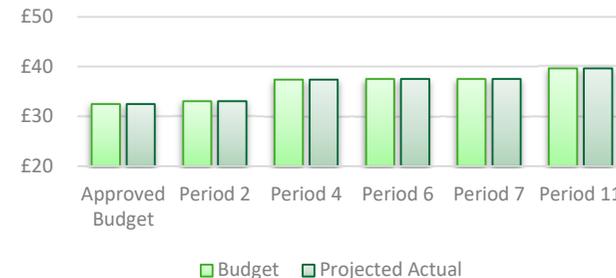


COVID-19 impact - 2020/21 (£m)



Projected capital outturn is £39.6m, in line with the revised capital budget. The two drivers of the revision to the budget is the receipt of £4.35m of additional Scottish Government funding for minor works, with a further £2.72m received from Transport Scotland to purchase electric vehicle charging infrastructure and lease low emission electric cars.

Capital budget performance (£m)



Financial Management (continued)

Current year financial performance (continued)

2020/21 conclusion: In line with previous years, the Service continues to have effective financial planning and management arrangements in place, with the projected outturn expected to be largely in line with the revised budget. The revisions to the budget in the year were due to COVID-19 and additional external capital funding – rather than indicating an issue with the budgeting process itself.

Revisions to the budget and performance – both actual to date and forecast – were clearly reported in both the Resource Monitoring Reports and the Capital Monitoring Reports.

Savings Plans

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: In the 'Budget Strategy', presented to the Board in February 2020, savings are not specifically referred to. In the 'Resource Budget', presented to the Board in March 2020, non-employee cost savings of £0.753m are noted, but no detail is given on them other than noting this number. There is no discussion of employee-related cost savings. More information from earlier Board development sessions on setting the budget should have been included. The budgeted efficiency savings represent 0.3% of the total budget, against a general Scottish Government target of 3%. More information on how the budget has incorporated efficiency savings targets to reach this target should have been included.

In the Resource Monitoring Reports presented to the Board throughout the year, there is reference to savings. Improvements should be made to be clear if these are efficiency savings, recurring or non-recurring, non-cash, or deferred costs. It is not clear whether these were part of the initial target of £0.753m noted in the original budget, what the total savings achieved are (or expected to be), whether these savings are recurring or non-recurring, and to what extent they are offset by growth in the budget due to demand or other cost pressures. Whilst information is provided on savings during the year in terms of variance reporting, there is no summary information provided in the Resource Monitoring Reports on the general efficiency savings achieved or not achieved.

In 2020/21, 'savings' of £3.035m were achieved due to the impact of COVID-19. The Service recognises that these one-off savings are likely to lead to future recovery costs, but information on this is not provided. The Service notes that it has estimated these costs but that at the time of the budget setting for 2021/22, these costs were not fully known. The Service should continue to develop these during 2021/22.



2020/21 conclusion: The savings targets set by the Service should be clearer and more detail should be included in the budget report and the subsequent Resource Monitoring Reports to enable appropriate scrutiny and challenge. From the information provided, it is not possible for the Board to satisfy themselves as to whether or not the Service is meeting the Scottish Government's 3% efficiency savings target, whether savings planned in the budget are being delivered, whether savings are recurring or non-recurring, and how these efficiency savings are being used to reinvest in the Service or offsetting cost pressures. Similar to the information provided on the COVID-19 'savings', it is not clear from reporting whether the general efficiency savings achieved in the year are actual savings or could simply be due to delayed costs. **(Recommendation 1.5 and 1.6)**

In addition, from our review of the Service's MTFM and LTFS within 'Financial Sustainability', we noted that the savings included in the budget and the Resource Monitoring Reports are not linked to the MTFM or the LTFS. We recognise that by their nature the MTFM and LTFS are refreshed less regularly than the budget and the Resource Monitoring Reports. However, it is important to set out how the short-term decisions tie in with the longer-term models and strategies. The annual budget setting process should be used to consider the impacts on the longer-term funding gaps identified by the Service in these documents. **(Recommendation 1.4)**

Financial reporting

2019/20 conclusion: From a review of in-year budget monitoring reports, reviewing whether financial balance would be achieved for 2019/20, we concluded that the underlying financial performance is transparently presented. This includes a discussion for the primary reasons for any in-year actual and projected budget variances (adverse and favourable), as well as actions to bring variances in line with budget. Financial performance is presented to the Strategic Leadership Team ('SLT') and Board.

2020/21 update: The Board approved its 2020/21 budget on 26 March 2020, following various Board seminars and workshops and a 'Budget Strategy' report to the Board in February 2020. The Strategic Leadership Team and Board regularly review progress against budget throughout the year, with quarterly reporting to the Board. From review of the reporting throughout the year, variances are clearly reported and explained – both actual and forecast.

Financial Management (continued)

Financial reporting (continued)

2020/21 update (continued): The budget report presented to the Board itself is a summary document, consisting of 10 rows of numbers. This is supported by another appendix, also a single page, which shows how the Service gets from the 2019/20 budget 'base position' to the 2020/21 budget.

There is no information provided on the assumptions underpinning the budget. There is no detail provided on how the budget links to outcomes, other than a simple statement of fact in the 'Budget Strategy' that "this budget is provided to enable SFRS to deliver against its priorities and objectives [...] with a focus on broadening SFRS's contribution to public sector outcomes." The Service notes that the budget setting process includes a Board development day where more information is provided on budget formulation and on the assumptions and financial risks underpinning it. This information should be referenced or included in the final budget report to improve scrutiny and transparency.

The Service should make it clearer how the budget compares to the MTFM or the LTFS. The Service should also make it clearer how by using the resources available to the Service, the budget allocates these to improve performance in line with the Service's strategic priorities.

2020/21 conclusion: As set out under 'current year financial performance' on page 6, we are satisfied that the Service has effective financial planning and management arrangements in place. However, the usefulness of the information available to the Service can and should be enhanced so that it is designed in a manner that it can be used to drive change and improvement.

From our review, it is not clear how the Board could have satisfied itself as to the budget as a standalone item, as it did not contain any of the detail necessary to ensure appropriate scrutiny and challenge. The Service notes that the Board satisfied itself based on a combination of Board development days and the final report. It is essential that all information on the budget setting process is included in the final report to ensure appropriate scrutiny and challenge and to demonstrate openness and transparency (as discussed further on page 21.) **(Recommendation 1.1)**

The Service sets a budget as it is statutorily required to do so. Budgets can and should be used to demonstrate how the Service will allocate its resources to deliver improved outcomes. The budget is reported in isolation, making it difficult without extensive cross-referencing and individual research to assess how the budget links in with the Strategic Plan, how it is expected to drive improved performance in line with the Annual Operating Plan, how it ties in with the LTFS or MTFM, how it utilises the workforce and drives progress towards the Target Operating Model set out in the Workforce and Strategic Resourcing Plan, and how it links in with the extensive other commitments that the Service has made (for example, on climate change). **(Recommendation 1.2 and 1.3)**

Financial capacity

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The finance function has a stable staff base and members of the finance function have significant cumulative experience in the Service. In early 2021/22, the Director of Finance and Contractual Services was seconded to the Scottish Government for a year.

Following this, we have been advised that there are expected to be changes to the finance and asset management team structures, triggered by the secondment of the Director of Finance and Contractual Services. This follows a restructure in January 2020, which followed an approved restructure in September 2017 following the implementation of a new HR/Payroll solution across the Service. The 2020 restructure was triggered by the fact that the Service has evolved since 2017, and there was therefore an opportunity to revisit and modify the structure to align with the Service's objectives and resource needs. There has not been reporting to Committees or the Board on restructures to the function.

COVID-19 has impacted the workforce across the Service (see 'Workforce Planning' on page 17), including the finance function, due to additional reporting requirements to the Scottish Government and the need to monitor and report on the financial impact of COVID-19.

The Service should broaden the risk it has identified arising from capacity issues on its ability to demonstrate effective planning and control of financial resources to include strategic financial capacity and effectiveness of training within the finance function, with this risk reported and reviewed by Committee or the Board. We note that no Committee within the Service currently has responsibility for financial matters (see 'Governance and scrutiny arrangements' on page 19). We were initially informed that the Service intended to establish a committee specifically responsible for financial matters in 2021/22, although this is no longer the case.

2020/21 conclusion: We welcomed the proposed establishment of a committee with responsibility for financial matters within the Service, with this additional layer of accountability at an opportune time to ensure that the improvements to the use of financial information and financial planning as identified in our work are embedded across the Service. We would encourage the Service to reconsider its changed intention not to establish such a committee or allocate specific responsibility for finance to an existing committee.

Financial Management (continued)

Financial capacity (continued)

2020/21 conclusion (continued) The structure of the finance function is an operational matter and restructures have followed appropriate Service approvals. However, there have been varying restructures in recent years and recent changes at a senior level. The frequency of restructures, including additional proposed changes following the secondment of the Director of Finance and Contractual Services, appears ad-hoc and high by comparison to other public bodies. The relevant committee or Board should ensure that it considers whether the process by which management have determined the structure of the finance function is sufficiently robust to enable the Service to make full and effective use of the finance function to drive improvements in the reporting of use of resources, as recommended throughout our work. **(Recommendation 1.7)**

Whilst the Service benefits from a consistent and experienced workforce in the finance function, management need to ensure that systems exist to ensure that the function is appropriately trained and possesses the requisite skills and competencies to perform financial planning and reporting in line with developing expectations around budgeting for and reporting against the use of resources in delivering improved outcomes. **(Recommendation 1.8)**

Internal audit

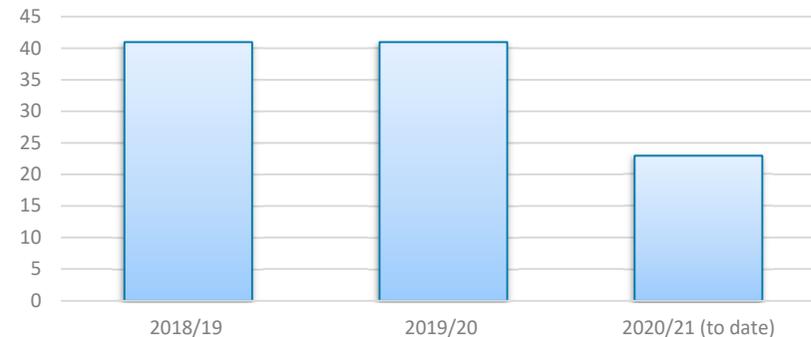
2019/20 conclusion: Based on a review of internal audit reports issued in the year, attendance at ARAC meetings, updating our understanding of key processes that feed into the financial reporting process, and audit procedures carried out during the course of the audit, we were satisfied that the Service has adequate systems of internal controls in place.

2020/21 update: The 2020/21 internal audit plan was approved by the Board on 27 August 2020. This comprised 8 individual audits and additional follow ups. The internal audit plan noted there were 150 audit days planned for the year.

As part of our year-end audit, we will assess the internal audit function, including its nature, organisational status and activities performed. For our work on the audit dimensions, we have analysed the work performed by internal audit, including the number of recommendations made in the year compared to previous years.

COVID-19 has not had a noticeable impact on the delivery of the internal audit plan, with all planned audits due to be completed by the end of the year and reported to the July 2021 Audit and Risk Assurance Committee meeting. The recommendations arising from internal audits in 2020/21 are not COVID-19 specific. From our review of prior internal audit recommendations, we noted that 50% of outstanding actions had revised dates (high levels of revised implementation dates being an ongoing issue evident in previous years too), with one action outstanding from 2018/19 and 20 from 2019/20 as the Service heads into 2021/22.

Internal Audit Recommendations



In 2020/21, the number of recommendations arising from internal audits has declined somewhat, from 41 in 2018/19 and 41 in 2019/20 to 23 in 2020/21. While it is important to note that this information is based on a situation whereby some internal audits remain outstanding, on a pro-rata basis, the recommendations made are slightly lower than previous years.

2020/21 conclusion: We have reviewed the work of internal audit. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work. We will also consider the work of internal audit as part of our audit work on the Annual Governance Statement and report our conclusions in our final report to the Committee in October 2021.

The number of recommendations raised by internal audit remained consistent in 2018/19 and 2019/20, with a slight decline in 2020/21. However, as has been identified by the Committee previously, there remain a significant number of recommendations outstanding from previous years, with a high number of these having revised implementation dates, which has been recognised by both internal audit and the Service. This suggests that either capacity or focus on implementation is not at the necessary level. The Service notes that in the past, management responses tended to be too optimistic in targeting resolution of audit actions as quickly as possible and more realistic dates are not being proposed. **(Recommendation 1.9)**

Standards of conduct for prevention and detection of fraud and error

2019/20 conclusion: We reviewed the Service's arrangements for the prevention and detection of fraud and irregularities. Overall we found the Service's arrangements to be operating effectively.

Financial Management (continued)

Standards of conduct for prevention and detection of fraud and error (continued)

2020/21 update: We have assessed the arrangements for detecting fraud and error, including specific considerations in response to the increased risk of fraud as a result of COVID-19.

We note that the Service's Anti-Fraud Policy was issued in November 2013 and due for review in December 2015. Whilst we are aware that a new Anti-Fraud Policy is due to be issued in 2021/22 (and has been delayed to reflect the recommendations from previous audits), the fact that the current policy has been in place for so long beyond its review date raises questions about whether the Service's arrangements as they presently stand are appropriate.

We are aware that an internal audit of the Service's fraud risk management arrangements was reported to the Audit and Risk Assurance Committee in early 2020/21. This specific internal audit made 27 recommendations which needed to be addressed to ensure that the Service demonstrates best practice in relation to the management of fraud risk. At the end of 2020/21, 12 of these actions were noted as outstanding.

Audit Scotland noted in 2019/20 that procurement fraud is a risk across the public sector. In September 2020, the Service developed a specific action plan in response to these procurement fraud risks. The Service has a Procurement Strategy which ran from 2019 – 2021. Underpinning the Strategy, there is an action plan, containing 6 actions. These actions are vague, such as "continue to progress strategy actions", "fully resource the procurement structure", "report progress in our annual procurement report". Despite not having specific targets associated with the strategy, management believe good progress has been made.

Against this action plan, there are 13 performance measures. These measures have no targets. In the 2019/20 Annual Procurement Report two of the measures were not measured. For the remainder, it is not possible based on the information available to assess whether performance is on target or not, or whether it is improving or declining. We note the Annual Procurement Report states that "progress continues with the delivery of Procurement Strategy Action Plan". This is vague.

In early 2021/22, the Service published a revised Procurement Strategy, running from 2021 – 24. We are pleased to note that the revised Procurement Strategy has 23 KPIs, with reporting frequencies and targets embedded. We also noted that the revised Strategy has 45 actions, with specific target dates and owners and KPIs associated. This is a noticeable improvement on the 2019 - 21 Strategy.

2020/21 conclusion: We have reviewed the Service's arrangements for the prevention and detection of fraud and irregularities. We have not identified any issues with regards to fraud or irregularities themselves.

The revised Procurement Strategy represents a significant improvement on the previous version, enabling a much more robust process of monitoring and assessment of improvement. We note that internal audit are due to report on procurement and tendering in 2021/22.

In addition to the above, the fact that the Anti-Fraud Policy remains out of date and that the Service has been found by internal audit to not be demonstrating best practice in 27 areas – with 12 of these areas still outstanding – suggests that the Service's arrangements as they currently stand are not fully designed effectively and appropriately implemented.

Deloitte view – Financial Management

The Service has effective financial planning and management arrangements which are robust enough to manage financial activity and capture and address any challenges to the achievement of financial targets. The financial position and variances were transparently reported to the Board throughout the year. However, savings targets are unclear and other than the net savings as a result of COVID-19, it is not clear what level of savings the Service aimed to achieve or actually achieved. There is also room for improvement in setting out how the budget is prepared, the assumptions underpinning it, how it links to the MTFM and LTFS, and how it will enable the Service to allocate its resources to drive improvement in outcomes. Overall, while the Service has demonstrated effective operational financial management, there is room for improvement in a number of areas, to bring the Service in line with both developed and emerging good practice, as set out in the Action Plan at the end of this report.

The capacity of the finance team has remained consistent during the year, following a restructure in 2019/20. There have been changes subsequent to 2020/21 and plans for a further consideration of the structure. We will monitor the outcome of the ongoing review as part of our 2021/22 audit.

The level of outstanding recommendations from internal audit, either overdue or with revised implementation dates, suggests an issue with capacity or focus on implementation. The arrangements for prevention and detection of fraud continue to require improvement, as was identified by an internal audit review.

Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified the following risks:

- *“There is a risk that the Service is not financially sustainable in the medium-to longer term.”*
- *“There is a risk that the workforce strategy is not supported by a detailed workforce plan and is not clearly linked to the Long Term Financial Strategy.”*

Budget setting

2019/20 conclusion: The impact of COVID-19 on the ability to achieve short-term financial sustainability presented a risk to the Service. We noted the Service should ensure that they review, and where appropriate revise their financial strategy during 2020/21 to reflect on the impact of COVID-19. We noted that it was important that the Service also build into the scenarios the impact of demand pressures on costs to the Service along with the estimated changes in funding to get a fuller picture of the likely challenges that it faces.

2020/21 update: The Service approved a balanced budget of £284.7m for 2021/22 on 25 March 2021. This incorporates £4.81m of ‘non employee cost savings’, representing 1.7% of total expenditure (a significant increase on the £0.753m – 0.3% - required in 2020/21). The approach to and information included in the budget for 2021/22 is identical in all material respects to the 2020/21 budget. As with 2020/21, the ‘cost savings’ are not underpinned by detailed savings plans. Our comments on the 2020/21 budget and savings plans, set out under ‘Financial management’, are therefore equally relevant to the 2021/22 budget.

Prior to the 2021/22 budget, there was a Board seminar. There was a useful presentation to the Board setting out the underpinning assumptions in the budget, and these should be reproduced to a degree in the budget itself.

Discussion with the Service has indicated that the budget is ‘zero based’ in relation to significant cost areas. The 2021/22 budget, just like the 2020/21 budget, is presented as the previous year’s budget adjusted for anticipated changes, with expected savings essentially balancing the budget. The presentation in the Board seminar and reporting of the budget itself to the Board presents all 2021/22 budgets as being the 2020/21 budget +/- changes in the assumptions.

In 2021/22, the Service’s resource budget will be £8.7m (3.1%) higher than the revised 2020/21 budget, whilst the capital budget is flat. Reporting should more clearly set out how the Service plans to use this increased allocation to deliver improved performance or outcomes, or why the increased funding might not enable improvements to be delivered (for example, if the increased funding is simply offsetting delayed COVID-19 costs).

The risks recognised in setting the budget in 2020/21 and 2021/22 have changed slightly. In 2020/21, the risk associated with COVID-19 costs not being reimbursed was given a score of ‘12’ (out of 25), whereas in 2021/22, after discussions with the Scottish Government, it has a score of 8 (also out of 25). One other risk from 2020/21 – that an affordable agreement on harmonisation of Retained Duty Service firefighters terms and conditions might not be reached – does not occur in 2021/22, although such agreement has not yet been obtained. In 2021/22, there are two additional risks – that investments in new initiatives is delayed due to recruitment and other challenges, and that the ongoing impact of COVID-19 results in SFRS being unable to address backlogs in training, recruitment, etc.

The budget for 2021/22 is presented on a ‘business as usual’ basis, taking what has gone before and adding/subtracting for various areas, rather than setting out what the Service actually needs to deliver improved outcomes. It should be clearer how the resources are actually allocated based on need or aligned to the Strategic Priorities. In the Service’s view, the budget supports improvement via the Annual Operating Plan and maintaining the significant ongoing requirements of ‘business as usual’, based on Service need.

The 2020/21 and 2021/22 budgets do not include any consideration of an impact arising from withdrawal from the EU. This was maintained as a risk to the Service. In the Resource Monitoring Report presented to the Board in March 2021, it was noted that the Service did not expect to incur any additional costs in respect of this during 2020/21. It is not clear whether the Service expects any impact in 2021/22. The Service notes that it is experiencing additional cost pressures from the COVID-19 pandemic rather than withdrawal from the EU.



Financial Sustainability (continued)

Budget setting (continued)

2020/21 conclusion: The Service has received a substantial uplift in resource funding in 2021/22 compared to 2020/21. However, there has been a significant increase in the required savings to achieve a balanced budget despite this, and SFRS itself notes the financial implications of the COVID-19 pandemic are not yet fully understood. It is not possible based on the information currently available to conclude as to whether efficiency targets are realistic or to conclude with any certainty as to whether the Service can achieve short-term financial balance in 2021/22.

In setting the budget, there are Board seminars and workshops, to ensure appropriate Board engagement. This culminates in a report on the Budget Strategy being presented to the Board, which is then followed by the budget itself. The level of Board involvement at the 'input' stage for budget setting is to be welcomed. However, the Board needs to ensure, as set out in 'Financial Reporting' on page 7, that the budget is able to serve as a standalone report and captures the output of the Board engagement that has occurred. **(Recommendation 2.6)**

The style of reporting the budget for the Service has changed each year since 2017/18, with these changes being minor year-on-year but significant cumulatively. Year on year there has been less information provided on savings and cost pressures which underpin the budget strategy – to the extent that 'savings' are not mentioned in the 2021/22 strategy, and the only cost pressure referred to is pay inflation. The Service should reinstate links to long-term financial sustainability and Information on the timetable and approach to budget setting. Our view from review of the Budget Strategy documents is that they have become substantially less useful as a strategic document in the period from 2017/18 – 2021/22. **(Recommendation 2.7)**

Capital planning and asset management

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The Service has a 3 year Capital Programme, refreshed each year, which currently runs from 2021 – 24. The Capital Programme assumes that funding from the Scottish Government for capital projects will remain flat at £32.5m for the foreseeable future. Given the long-term nature of capital projects, it is unusual that the Capital Programme covers a shorter period than resource monitoring (which has the MTFM covering to 2028/29 and the LTFS covering to 2026/27).

The Capital Programme seeks to address but does not make specific reference to the investment backlog which has been identified by the Service in its AMS. While the Service notes that the Capital Programme is prioritised to best meet the needs of the Service, this is not set out within the Capital Programme, and further clarity should be added to set out how the Capital Programme deals with what the Service itself noted as a significantly increased risk of asset failure based on the projected level of investment. The Capital Programme notes that during 2021/22, work will be undertaken in conjunction with the Scottish Government to set out in detail the challenges that the Service faces in relation to capital investment.

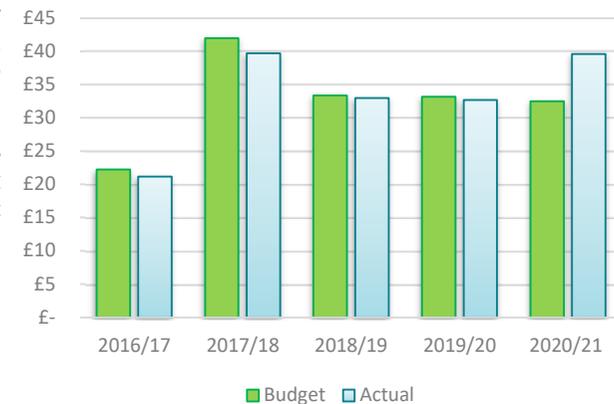
The risks associated with the Capital Programme include a high risk identified by the Service that market conditions result in higher than anticipated prices being incurred in the delivery of the programme. It should be made clearer when the capital projects actually expect to be delivered, rather than being aggregated at a high level. As present, it is difficult for the Board to be assured as to whether capital projects are delivered on time and on budget.

We note from reviewing the Capital Programme that it says performance monitoring is through the Capital Monitoring Reports. However, the Capital Monitoring Reports do not provide any detail on whether the individual projects within the Programme are being delivered on time and on budget, just whether the overall spend in the year is in line with the Capital Programme. Whilst the Service notes that capital funding is typically fully utilised to support Service objectives and to address the known asset backlogs, more information should be presented to the Board to enable them to fully understand how individual projects within the Capital Programme are being delivered to time and budget.

Capital programme (£m)



Capital Programme: Spend vs Original Budget (£m)



Financial Sustainability (continued)

Capital planning and asset management (continued)

2020/21 update (continued): The AMS notes that "despite significant investment", "there remains a substantial inherited backlog to enable all assets to achieve satisfactory ratings of condition and suitability" totalling £389m and that "Audit Scotland has recognised the need for action". This view was provided to us in every interview we conducted and seems to underpin the Board and management views as to sustainability of the Service's asset base.

Audit Scotland noted in 2017/18 (in their 'Scottish Fire and Rescue Service: an update' report) that the backlog – totalling £389m – was "insurmountable without transforming the current model for delivering services and additional investment". The focus from our interviews was on the latter part of that conclusion - additional investment - rather than the former - transforming the current model for delivering services. The AMS notes that SFRS "will develop detailed medium-long term asset management plans, by asset category". These have not yet been developed, although management have advised that a recent appointment in asset management is tasked with this action. The AMS should be revised to link with the new Strategic Risk Register. Reporting against performance on Asset Management is to the Asset Management Liaison Board, on five broad areas, with 13 specific areas reported against. None of these have actual, measurable targets. Management have confirmed that they aim to make progress on this area in 2021/22 also.

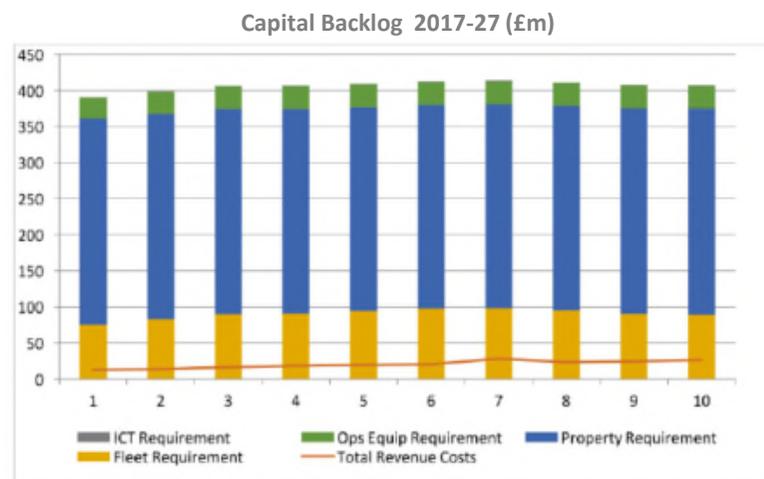
The LTFS notes that if there is £32.5m of capital resource per year, the backlog of investment will increase by £28m and there will be additional running costs of £23.7m. It also notes that the risk of asset failure would increase significantly. Given that the Service is now 4 years into the LTFS and the resource allocation remains £32.5m (and is projected to be the same for years 5 – 7), the Service should present the revised backlog figures and maintain these moving forward to understand the impacts on running costs and to assure itself that it is delivering value for money.

2020/21 (conclusion): The Service is undoubtedly faced with legacy issues with regards to capital investment. While the AMS and LTFS note the recurring cost impacts of delayed capital investment (due to increased maintenance, etc.), the Capital Programme should set out how the level of funding over the programme ties in with these strategic documents and how the lower-than-required funding is expected to impact on the resource budget over the period. **(Recommendation 2.8)**

Similarly, despite these strategic documents noting an increased risk of asset failure due to lower than required levels of funding, the Capital Programme does not set out how the Service is mitigating this risk.

While the Service has a strong track record of accurate capital budgeting, reporting against the Capital Programme does not enable assurance to be gained as to whether capital projects are delivered in line with the original budget and timescales. **(Recommendation 2.9)**

The AMS requires updating, and should be linked in with the Service's change programme. In reviewing the capital investment needs of the Service with the Scottish Government in 2021/22, the Service needs to ensure that its AMS is updated to reflect these needs and that it is tied in with the change programme vision of the future asset needs of the Service. In order to assess the increasing risk of asset failure from delayed investment, the revised AMS – and subsequent Capital Programmes – should clearly differentiate between investment required to replace old assets as the Service transitions from its current asset base to the identified required asset base for the future and backlogged maintenance/repairs/replacements to maintain current assets until that transition has occurred. **(Recommendation 2.1 and 2.2)**



*Projected capital backlog with £32.5m capital spend per annum per LTFS

Financial Sustainability (continued)

Medium-to long-term financial planning

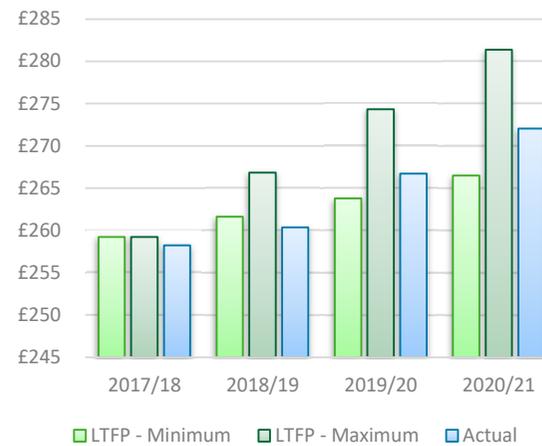
2019/20 conclusion: A LTFS covering the period to 2026/27 was approved by the Board in December 2017. This incorporates 4 different scenarios across a spectrum of best and worst case scenarios. The pessimistic scenario is a funding gap of £77.2m, the optimistic scenario is a funding surplus of £43.4m, and the midpoint is a funding gap of £16.9m.

The strategy that SFRS will work towards adopting is in line with the 'Spreading like Wildfire' scenario which assumes an existing budget plus CPI inflation in each of the next 10 years, plus a net addition of £6.4m added to core funding from 2018/19, followed by a further £4m spread across 2021/22 and 2022/23, reflecting the Service's contribution to wider public sector outcomes.

2020/21 update: The Service has a LTFS, a MTFM and the annual budget. The LTFS includes scenario planning (four scenarios), as well as a 'maximum', 'minimum' and 'midpoint' in terms expected positions. This approach is in line with good practice in developing long-term planning, based on the Best Value Toolkits. The midpoint funding gap by 2026/27 (the end of the plan) is £16.934m per annum.

The accuracy of the LTFS to date has been good – in 2017/18 and 2018/19, the 'actual' spend was slightly lower than 'minimum' per the LTFS. In 2019/20 and 2020/21, the 'actual' is in line with the midpoint between 'minimum' and 'maximum'.

Long-Term Financial Strategy: Forecast vs Actual (£m)



However, it should be made clearer how the LTFS ties up to the annual budget or the MTFM. The information in the MTFM notes that by 2026/27, the annual funding gap will be £33.945m (against £16.934m in the LTFS). The LTFS has not been updated since 2017 and is not reported against. The MTFM is not reported to committees or the Board.

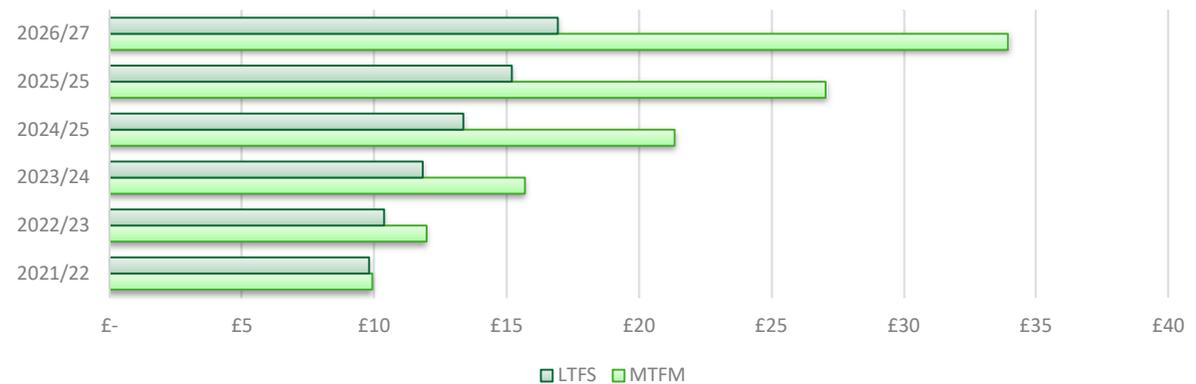
Neither the MTFM nor LTFS set out the outcomes expected to be achieved or how resources will be allocated over the longer-term to deliver outcomes (acknowledging that to achieve outcomes, some areas require more up-front spend than others, others require consistent spend every year, etc.)

The annual budget and the Resource Monitoring Reports should refer to either the MTFM or the LTFS where appropriate.

Long Term Financial Outlook



Funding Gap: Medium-Term Financial Model vs Long-Term Financial Strategy (£m)



Financial Sustainability (continued)

Medium-to long-term financial planning (continued) Transformation Strategy

2020/21 conclusion: The LTFS developed by the Service is in line with good practice. However, it should be linked to ongoing decision making and it is not reported against. It should be clearly linked to the MTFM, Capital Programme, Workforce and Strategic Resourcing Plan and Resource Budget. The current approach reduces the usefulness of the LTFS as a strategic document to support longer-term financial thinking.

In many areas, the Service is involved in prevention and delivering outcomes that require significant investment over numerous years to see improvement in desired outcomes. The LTFS – implemented by the MTFM and Resource Budget – should clearly set out how resources are expected to be allocated over the longer-term to drive improvements in outcomes over the period. **(Recommendation 2.3)**

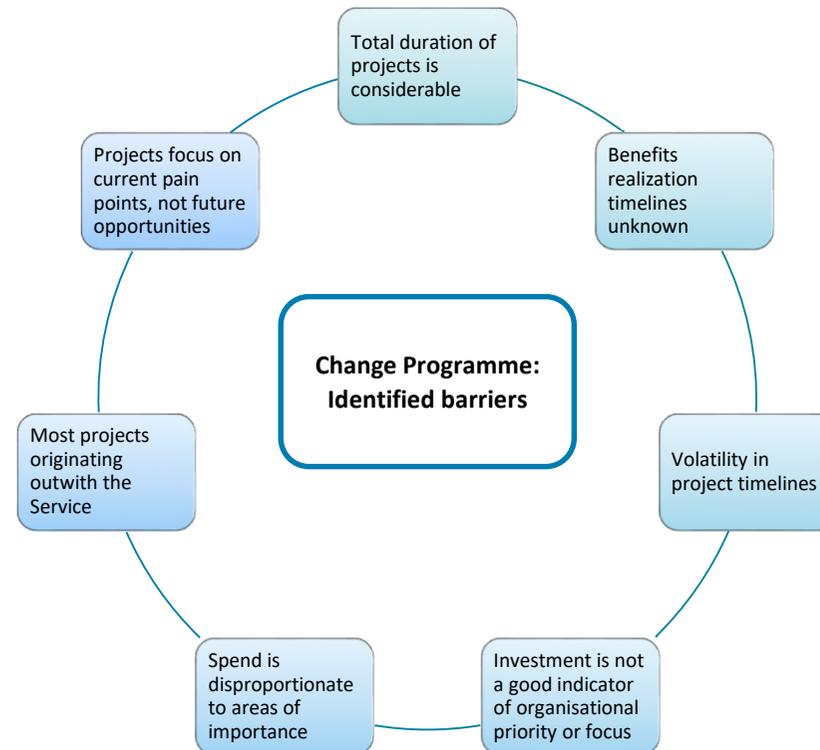
While it is not necessary to update and publish the LTFS every year, regularly referring to the Strategy and indicating how it is embedded in the Service's key decision making models and operational delivery is key to ensuring that longer-term financial thinking is embedded in the Service. In setting the Workforce and Strategic Resourcing Plan, Resource Budget and Capital Programme, the Service should ensure that there is clear information provided on the current position against what the LTFS projected, and the anticipated position over the remainder of the life of the Strategy, including appropriate tie-up to the MTFM. This will enable the Board to understand the long-term financial implications of the short-term decisions that they are making. **(Recommendation 2.4)**

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The Service has historically had a Transformation Programme and a programme of 'Major Projects'. A review by the Scottish Government's Programme and Programme Management Centre of Excellence concluded that there were significant issues requiring management attention. In response, significant changes to the Service's approach to transformation are being implemented.

In 2019/20, the Service developed a Service Delivery Model Programme. In 2020/21, the Service established a Service Development directorate. In early 2021/22, the Service combined the existing transformation programmes into a revised 'Change' programme.

In progressing these changes, an independent strategic review of the programme for change was carried out. This was underpinned by a Strategic Leadership Team workshop, 34 interviews with Board members, the Strategic Leadership Team and Directorates, 9 interactive workshops and 4 deep-dive workshops on thematic areas. This strategic review acknowledges societal and economic impacts of COVID-19, underpinned by a PESTDEL analysis. This review sets out the below barriers to effectively implementing change within the Service.



Financial Sustainability (continued)

Transformation Strategy (continued)

2020/21 update (continued): In carrying out this review, the Service's capability to deliver change was considered. Against 35 metrics underpinning 8 key themes, the review concluded that the required capability was not evident in 3 areas, basic in 10 areas, evident in 15, consistent in 7 and embedded in none. These are supported by 35 recommendations.

Progress against the existing Transformation Programme and Major Projects continued, throughout 2020/21, to be reported as the Service transitions to the new model.

In the Major Projects, there are 5 projects – 4 of which are not expected to be delivered either on time or on budget. It is unclear how this ties in to reporting against the Capital Programme.

In the Transformation Programme, there are 8 projects – 2 of these have no 'project health' information provided in the latest update at the time of writing the report, whereas the other 6 are noted as being delivered on time, on budget, with the appropriate skills and resources to deliver expected quality. It is difficult to reconcile this reporting – which suggests minimal issues in the programme - with the issues identified in the Scottish Government review of the programme – which identified significant issues.

2020/21 conclusion: The Service is aware that progress against its historical Transformation Programme and Major Projects has not been as expected. The Service is in the early stages of transitioning to a new change programme, and has carried out commendable and extensive work in reviewing its current approach and how to improve as it transitions to the new programme. The establishment of a Service Development directorate and establishment of executive leadership of the change programme are also welcome moves. The Service has recognised the need for additional skills – for example, in project management – and has taken active steps in acquiring those skills externally where it has been recognised they do not exist in sufficient quantities internally. All of these are welcome, and we will continue to review the Service's approach to change as it progresses throughout 2021/22 to assess whether the Service's revised approach to change is improving delivery of it.

One of the key issues identified in the Scottish Government review of the Service's Transformation Programme was that there was a lack of understanding about what the Service will look like in the short, medium and long term. This is in line with our views on the Service's other strategic documents – for example, the LTFS and AMS. It is important that as the Service develops this understanding and a change programme to transition to this, that there is clear joined-up thinking and planning across the Service's other strategic documents.

Recovery from COVID-19

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The Service has recognised that in a very short space of time, it has had to rapidly transform the way it works in response to the COVID-19 pandemic, in order to maintain essential services, including changing the way that it delivers some services and making difficult decisions in respect of standing down others. Staff have been deployed to help deliver these essential services, keep communities safe and protect those most in need.

COVID-19 has had a significant impact on SFRS, as an emergency service. There has been a significant impact on the delivery of the Annual Operating Plan, delays to the Transformation Programme and Major Projects, and wider knock-on effects on the workforce. These impacts are in line with the impacts we have seen across the public sector.

The Service prepared a 'Routemap' which clearly sets out what SFRS' ambition is in relation to COVID-19, underpinned by the Service's Organisational Values and COVID-19 Operating Principles. These are in addition to, rather than changing, the Service's Strategic Plan.

While the indicative timeline is now significantly out of date, the Routemap itself is a comprehensive document that sets out how the recover, reset and renew phases against the COVID-19 pandemic need to be considered by the Service as it plans for the future, to demonstrate continuous development and improvement.

The Service is due to review its Strategic Plan over the coming year, which will provide an opportunity to embed the lessons learned from COVID-19 into the Service's future planning.

2020/21 conclusion: In recognition of the significant impact of COVID-19 on SFRS, it is positive to note that a comprehensive report was prepared in July 2020 setting out the Routemap to Reset and Renew. Given the pace of change in the period since the Routemap was prepared, there is a need to ensure that it is regularly reviewed and reported against to monitor the effectiveness of its implementation. Given the nature of the COVID-19 pandemic, it is still too early to conclude on the effectiveness or otherwise of the Service's approach to recovery and plans for the future. We will continue to monitor this as the future situation becomes clearer.

Financial Sustainability (continued)

Workforce Planning

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The Service has a Workforce and Strategic Resourcing Plan that runs from 2018 – 21. The Plan notes that it is due to be reviewed annually, however, from our review of Board and committee meetings, we cannot see that this has been reviewed recently. While management note that workforce planning is continually considered, there is no evidence of a review of the Workforce and Strategic Resource Plan actually being carried out as set out in the plan itself. The Workforce and Strategic Resourcing Plan notes that "where required, reports may be presented to Board members who will ensure the effective scrutiny of its planning and implementation". This is vague, and from our review, did not occur in 2020/21.

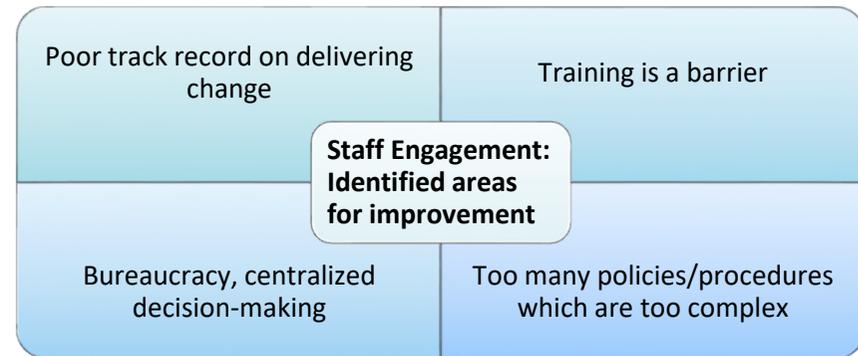
The Workforce and Strategic Resourcing Plan notes that it is based on the Audit Scotland Workforce Planning Good Practice Guide, and the NHS Six Steps Methodology to Integrated Workforce Planning.

The Training Strategy notes that it supports the intended outcomes of the Strategic Plan, the Training and Employee Development Review, and the People and Organisational Development Directorate plans. It is not particularly clear how it intends to do that.

The Training Strategy notes the strategic objective is to develop and deliver high quality training and development, with this underpinned by 7 strategic priorities. This is then supported by 9 key themes, with these broken down into 25 sub-themes.

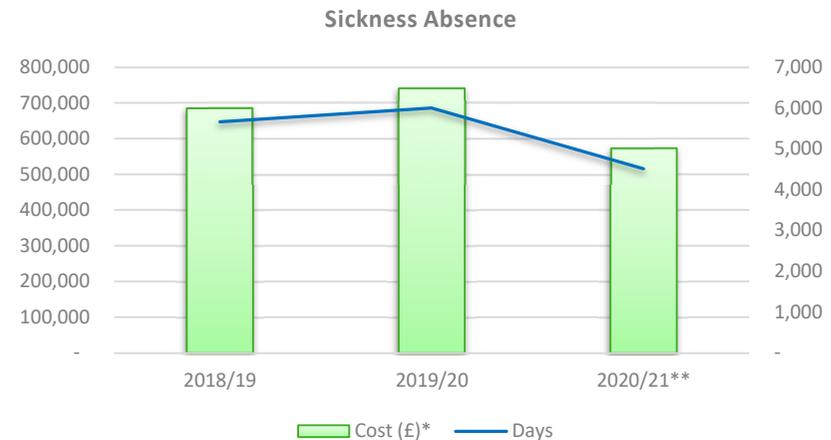
We have noted that spend on Training and Development has dropped from £16.4m in 2018/19, to £16.3m in 2019/20, and to £13.8m in 2020/21. This represents a decline based on 2019/20 full-time equivalent figures from an annual spend of £2.2k per employee to £1.9k per employee over the three year period. Despite this drop in expenditure, performance against the training performance indicators - reported to the Staff Governance Committee - either maintained or improved from 2019/20 in 14 areas, with declining performance noted in 6 areas. From the reporting, it is not clear how these movements in performance relate to the lower spend in the year.

Following the rejection of a pay offer by members of the Fire Brigade Union in 2020, the Service carried out significant staff engagement. The output of this engagement was a report to the Board on staff engagement for the development of a long-term strategic vision for the Service. Initial engagement was undertaken to support this report, with 800 responses received (approximately 11% of the workforce). Key areas for improvement arising from this engagement are noted across.



Throughout 2020/21, the Service carried out various 'Pulse' surveys to measure staff opinion. In addition, there were weekly live broadcasts by the Chief Officer, which allowed staff to engage directly with the leadership of the Service. There has also been a programme of weekly briefings from the Communications Team to provide updates to staff throughout the pandemic.

In the year, sickness absence has decreased by approximately 25%, and staff turnover has remained relatively consistent. This indicates that there has been an effective response by the Service to the COVID-19 pandemic in supporting and retaining its workforce.



*Cost of sickness absence calculated using Service's median salary

**2020/21 data based on information to end of Q3, extrapolated for the remainder of the year

Financial Sustainability (continued)

Workforce Planning (continued)

2020/21 conclusion: Throughout 2020/21, the Service has used innovative methods to keep staff informed – including live broadcasts by the Chief Officer and weekly briefings by the Communications Team – which is to be commended. The use of Pulse surveys to monitor staff opinion and guide decision making throughout the year is also welcome.

The Workforce and Strategic Resourcing Plan is useful in that it has significant detail on the current workforce structure and in a number of cases provides details of the Target Operating Model - however, not consistently. The Workforce and Strategic Resourcing Plan does not provide much detail on how SFRS plans to bridge the gap between the two, and over what period. There are actions, however, these are vague and there are no timescales attached to them. It is not clear how effectively they are monitored.

It is not clear how the Workforce and Strategic Resourcing Plan is actually aligned to the Strategic Plan (other than that it notes that it is), or to the LTFS / MTFM. **(Recommendations 2.5, 2.11 and 2.12)**

There are no targets included in the Training Strategy. There is no discussion of where SFRS currently is, where it needs to be, and how it gets from the former to the latter. There is no reporting against the Training Strategy, and overall, it is difficult to assess whether it is being implemented or to consider its effectiveness. **(Recommendation 2.10)**

Deloitte view – Financial Sustainability

As discussed on page 6, the Service achieved short-term financial balance in 2020/21. While the Service has set a balanced budget for 2021/22, there is insufficient evidence for us to conclude as to whether efficiency targets are realistic or whether the Service can achieve short-term financial balance in 2021/22.

While it is positive to note that the Service is actively assessing the financial impact of COVID-19, the anticipated impact has not yet been quantified or reported. There does remain a risk regarding the impact, therefore it is important that the position is closely monitored and is reflected in reporting to the Board.

The Service is faced with significant issues with regards to capital investment. While the Service is aware of these issues, its Capital Programme does not effectively tie in to the AMS, LTFS or the Service's change programme, or quantify the ongoing impact or risk of less than required investment. Reporting against the Capital Programme does not provide sufficient evidence to conclude as to whether capital projects are delivered on time and on budget.

The LTFS developed by the Service is in line with good practice. However, it is not referred to in ongoing decision making, is not reported against, and is not clearly linked to the MTFM, Capital Programme, Workforce and Strategic Resourcing Plan or Resource Budget. It is not clear how the LTFS therefore acts as a strategic document that supports longer-term financial thinking.

Key to the Service's financial sustainability is the delivery of a comprehensive change programme. The Service is aware that progress against its historical Transformation Programme and Major Projects has not been sufficient. The Service is in the early stages of transitioning to a new change programme, following a comprehensive review of the Service's approach to change. This is welcome, and we will continue to review the Service's approach to change as it progresses throughout 2021/22.

Governance and Transparency



Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified the following risks:

- *“Following the changes made to the governance arrangements in response to the pandemic, there is a risk that revised arrangements are not appropriate or operating effectively.”*
- *“There is a risk that officers and the ARAC members have not considered how sustainable any changes to the risk appetite will be in the longer term.”*

Leadership

2019/20 conclusion: SFRS has strong leadership and has a clear vision for what it wants to achieve for the future as documented within a number of strategy documents such as the Strategic Plan 2019-22, Annual Operating Plans, the Performance Management Framework and the transformation plan, which is still in development. The Board and staff support the vision.

2020/21 update: Since the establishment of the Service in 2013, there has been a significant amount of change in the Strategic Leadership Team. Other than the establishment of a Service Delivery and a Service Development Directorate, there were no changes in 2020/21, although we are aware of one change in early 2021/22. From our interviews, there is a perception that the current Strategic Leadership Team is more cohesive than had previously been the case as it is no longer derived primarily as a legacy team from the Service’s predecessor bodies, with a view that there is now a culture of high cohesion and high challenge.

The composition of the Board has remained largely consistent throughout 2020/21, with one member retiring in October 2020. There will be changes to the composition of the Board in 2021/22 and 2022/23 as the terms of Board Members come to an end.

While Board and committee meetings were held remotely, as were SLT meetings, members of SLT continued to work in SFRS Headquarters early in the pandemic, given the need to maintain visibility with the workforce and as the Service is an emergency organisation. The working arrangements of SLT subsequently altered in alignment with guidance from the Scottish Government as that was amended throughout the pandemic.

2020/21 conclusion: The Service continues to have strong leadership in place. This has been particularly evident in the response to COVID-19, the streamlined decision-making arrangements and the arrangements for developing the Reset and Renew Routemap, as discussed further under ‘Transformation strategy’ on page 15. Changes to the structure of the Strategic Leadership Team to include a Service Delivery and a Service Development Directorate are positive steps as the Service moves to having transformation at a strategic level as part of normal Service business. There is a positive culture within the Service, and effective arrangements will need to be put in place to ensure that this is maintained as changes to membership of the Board occur over the short-to-medium term.

Governance and scrutiny arrangements

2019/20 conclusion: We have concluded that overall the Service’s arrangements are appropriate and adequate in supporting effective governance and accountability.

2020/21 update: In response to the COVID-19 pandemic, arrangements were set out to dispense with normal Board governance arrangements during the COVID-19 pandemic where necessary due to urgency of decision making. However, following our interviews and review of minutes, we note that these arrangements were not used and governance continued largely in line with pre-COVID-19, other than the suspension of public access to Board meetings.

The Service’s Code of Corporate Governance requires to be updated. While the Code is aligned with CIPFA’s Good Governance Standard for Public Services, the structure of the Code should be improved to demonstrate that it is comprehensive, covering all SFRS’s arrangements, not just those arrangements that align to the CIPFA Standard. The Code reads more like a ‘self assessment checklist’ against good practice, rather than a Code in and of itself. How all the elements of Corporate Governance within the Service are linked up to each other, and how these work in practice, should be made clearer.

Governance and Transparency (continued)

Governance and scrutiny arrangements (continued)

2020/21 update (continued): The Code of Corporate Governance notes that the Audit and Risk Assurance Committee should "scrutinise the effectiveness of the Code of Governance as part of their review of the Annual Governance Statement". This is intended to "demonstrate how well the Code has operated in practice, based on an annual assessment of the effectiveness of the arrangements underpinning each of the principles of good governance." In the review of the Annual Governance Statement presented to the Committee on 9 July 2020, the Code is referred to, but there is no assessment of the effectiveness of the items listed in the Code. In the minutes of the meeting, there is also no reference to any discussion of the Code itself.

We have reviewed the Members' Code of Conduct and the Terms of Reference of the committees and noted that the Code of Conduct is based on and largely accords with the Model Code of Conduct. No significant gaps, other than no committee having responsibility for financial matters, was identified in our review of the Terms of Reference.

From our review of the Standing Orders, we have not identified any issues. The Standing Orders helpfully set out what items will 'normally' be considered at SFRS Board meetings and in what order.

In 2020/21, internal audit reviewed the implementation of the corporate governance structure, strategy and reporting. Internal audit concluded that the Service has generally effective corporate governance arrangements. Internal audit noted that these are supported by procedures covering recording, monitoring and reporting processes and that these are well designed and generally reflect good practice.

The Board last considered the Committee/Board structure in September 2020 and decided to retain the existing structure. We are aware that in 2021/22, the Board considered establishing a committee with responsibility for finance, which we welcomed. We have been subsequently advised that the Board opted not to allocate responsibility for finance to a committee, which we would encourage the Board to reconsider.

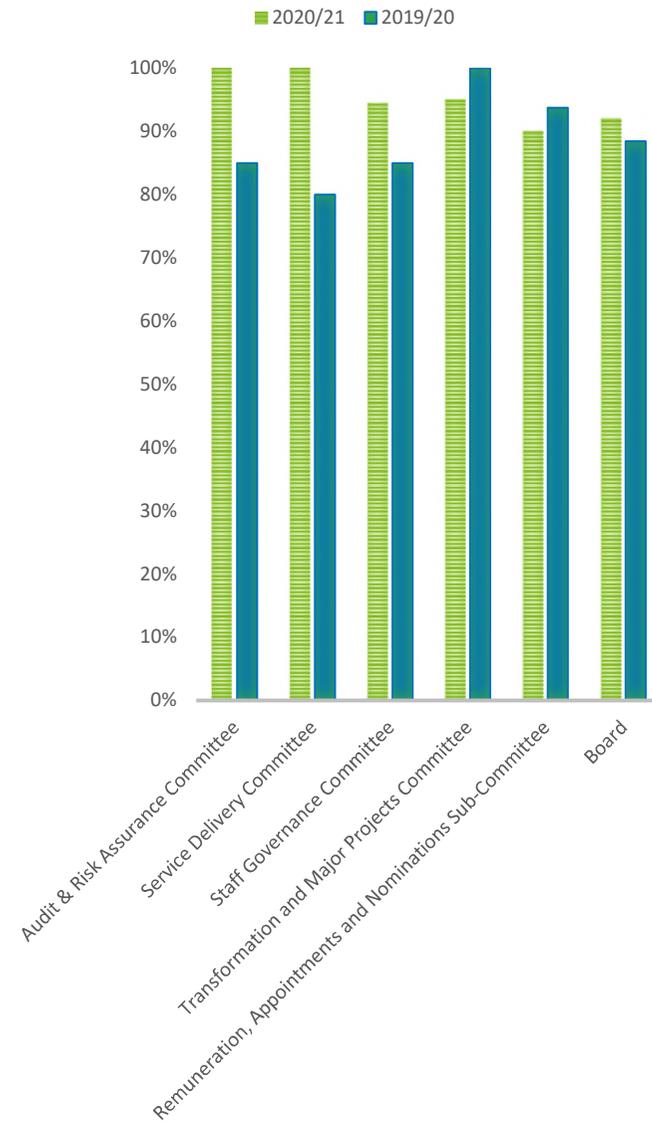
There are annual self-assessments carried out by committees and the Board. These self-assessments generally highlight positive views about the performance of the Board with no significant issues highlighted.

In addition to these self-assessments and the Board Member's own development plans, the Board has between 6-7 Strategy / Information and Development days per year, covering a range of topics but with significant focus on Boardroom development, effectiveness and engagement, risk and performance management, and transformation.

We note that the Risk Management Policy requires to be reviewed. However, internal audit noted that the policy itself is comprehensive. Six recommendations have been made by internal audit to underpin continuous improvement.

Following the internal audit, the Service's Risk Registers are undergoing review, to address the comments made by internal audit that there is room for improvement in ensuring that risk descriptions are clear and specific, developing a clear risk appetite, developing a risk maturity action plan, embedding governance arrangements in the Risk Management Policy, and ensuring that risk managers are appropriately trained.

ATTENDANCE AT MEETINGS



Governance and Transparency (continued)

Governance and scrutiny arrangements (continued)

2020/21 conclusion: The Service put in place appropriate plans to amend the governance arrangements, as needed, in response to the COVID-19 pandemic. These plans were ultimately not needed. Attendance at committee and Board meetings is strong. The Service has a comprehensive set of governance documents – a Code of Corporate Governance, Standing Orders, Code of Conduct, Terms of Reference, and a large number of supporting Strategies and Policies.

The existence of these documents in and of themselves does not demonstrate that governance arrangements are effective, or that there is sufficient and effective scrutiny and challenge. The fact that weaknesses have been identified in what are fundamental documents for any Board – the Anti-Fraud Policy and the Risk Registers – is a cause for concern, as are the issues we have highlighted with regards to openness and transparency (below). The Service's Code of Corporate Governance could be a more helpful document, and the assessment of its effectiveness that is meant to be carried out annually should be more comprehensive and robust.

We would encourage the Service to ensure that the review of core policies and frameworks is carried out at the point agreed or in as timely a manner as possible if circumstances delay any such review. In general, we agree with the conclusion of internal audit that the Service has generally effective arrangements, however, improvements are needed with regards to the implementation of these arrangements. **(Recommendation 3.1)**

Openness and transparency

2019/20 conclusion: We considered the Service's approach to openness and transparency, how good the Service's information is; and its commitment to improving openness and transparency and concluded:

- that there is effective leadership with effective scrutiny and challenge by leadership;
- that all reports are clearly defined with preparer, objectives and conclusions. This is demonstrated from a review of Board and ARAC meeting minutes which document the key decisions and actions taken and by whom;
- that there is evidence of a culture of continual improvement in trying to improve openness and transparency in terms of consulting and engaging with staff and other stakeholders (e.g. transformation consultation and staff survey); and
- that key strategy documents are available to the public via the website, such as the Strategic Plan and Annual Operating Plan.

2020/21 update: The Service's Communications and Engagement Strategy requires to be reviewed and updated. We have been advised that the approach to engagement is being reviewed in 2021/22, with work underway to set out what needs external engagement, what does not, and how this should be done. Through our work, we have seen examples of externally facilitated workshops for staff/stakeholders, consultation on the long-term vision for the Service, consultations on change programmes, and noted that the Service has mechanisms in place for gathering feedback on Local Fire and Rescue Plans.

The current Communications and Engagement Strategy is very high level, identifying stakeholders at a high level ('third sector', 'advocate groups', etc.), and noting that further work is required on stakeholder mapping to identify the communication and engagement activity required to support key issues and organisational projects.

The Strategy outlines four areas - external, internal, engagement, messaging - with these supported by a total of 32 actions that SFRS notes its strategy will focus on. In terms of monitoring and evaluation, the Strategy notes that SFRS will set out an Annual Communications Plan with key objectives, that these will be reviewed and reported in SFRS' Annual Report, that these will include KPIs and that SFRS will employ specialist communication measurement services to provide independent verification of communications / engagement impact. From our review of the Annual Report and Accounts from 2017/18 to 2019/20 and discussion with management, we have not seen evidence of this in practice. The Service should set out how it will report progress against its strategy and annual plan as part of its review of the Communications and Engagement Strategy in 2021/22.

Across our interviews, the consensus was that the Service is a very open and transparent organisation. This was felt to be a mindset embedded within the Service, underpinned by legislative requirements and strong processes to ensure that significant information is made available to the public through publication on the Service's website.

In March 2020, as the COVID-19 pandemic occurred, the Board approved a proposal to move to Board meetings without public access. Minutes or meetings and all accompanying reports continued to be made available online. This was based on the premise, set out in the Board paper, that: "There will be no facilities for stakeholders or members of the public to attend and observe SFRS Board or Committee meetings or for any suitable recordings of the public session of the SFRS Board to be captured".

The Fire (Scotland) Act 2005 requires meetings to be held in public. The Standing Orders require this to be the case except where items are confidential. The initial premise for holding meetings in private during COVID-19 was that it was not possible to allow public access. The Standing Orders within the Service allow for private meetings where confidential issues or confidential papers are or may be considered.

Governance and Transparency (continued)

Openness and transparency (continued)

2020/21 update (continued): A review into the suspension of public access was carried out in August 2020. The review noted that it was now possible to allow public access to video conferences. The Board chose to continue to meet without public access being enabled notwithstanding this. The Board asked for further work to be carried out by October 2020. Work was carried out throughout 2020/21, with a decision taken that from April 2021, all meetings would be recorded and published and we note that the Board meeting from 25 March 2021 was published online. The Service has confirmed that public access will continue to be reviewed, including virtual recording methods, and longer-term options will be considered once restrictions are eased.

In April 2021, we noted that the Agenda for the Board meeting on 29/4/21 stated that "Please note that this meeting will be recorded for the purposes of minute taking only. The recording will be destroyed following final approval of the minutes." The meeting has now been published online notwithstanding this notice.



Source: Openness and transparency, Audit Scotland

2020/21 conclusion: The Service is an open and transparent organisation. Decision making is clear in reporting, and there is effective engagement with wider stakeholders. However, monitoring of the effectiveness of engagement is underdeveloped and monitoring of delivery of the Communications and Engagement Strategy was insufficient to identify the issues identified through our work.

In line with other public bodies, we understand the reasons to initially suspend public access to Board meetings when the Service moved to holding remote meetings. By August 2020, when the review into suspension of access was carried out, the premise on which the original decision was made was not applicable given that the report itself acknowledged that the facilities for allowing public access did now exist. Despite this, the Board chose to continue with meetings without public access.

For comparison, the two bodies mentioned in the original SFRS report allowed for restarted public access from April and August 2020, respectively. By November 2020, an updated report for SOLACE noted that half of local authorities in Scotland were permitting public access to their meetings. The Service did not until March 2021. The Service notes that when it began to record Board meetings and place them online in March 2021 was in line with many other public services, although it accepts it nevertheless could have possibly moved more swiftly.

By August 2020, it is not clear how the decision by the Board to continue with the suspension of public access complied with the Fire (Scotland) Act 2005 requirement that Board members act "in a way which is as accountable and transparent as is reasonably practicable". We would question if the current practice of recording and publishing meetings rather than allowing the public to watch 'live' meets this requirement. **(Recommendation 3.2)**



Source: Openness and transparency, Audit Scotland

Governance and Transparency (continued)

Deloitte view – Governance and Transparency

The Service continues to have effective governance and scrutiny arrangements in place, although improvements are needed with regards to the implementation of these arrangements. While the Service's governance framework is underpinned by a comprehensive suite of governance documents, there is room for improvement in the scrutiny and monitoring of performance against the Service's key governance and strategic documents. Appropriate arrangements have been put in place in response to the COVID-19 pandemic, although the Service could have permitted public access to meetings earlier than it did, and there remains room for improvement in this area.

The Service continues to have strong leadership in place. This has been particularly evident in the response to COVID-19, the streamlined decision-making arrangements and the arrangements for developing the Reset and Renew Routemap. Changes to the management structure with the creation of a Service Delivery and Service Development Directorate is a positive step as the Service moves to having transformation at a strategic level as part of normal Service business. The impact of COVID-19 has delayed this.

The Service continues to be open and transparent. In the interest of continuous improvement, it should consider if there are any lessons learned from other public bodies or other ways of engaging with wider stakeholders.

Value for Money

Value for money is concerned with using resources effectively and continually improving services.

Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified the following risks:

- “There is a risk that performance reporting has not been timely, reliable, balanced, transparent and appropriate to users’ needs.”
- “There is a risk that continuous improvement is not achieved without proper direction.”

Performance management framework

2019/20 conclusion: The Service continues to engage with reporting on its national contribution.

2020/21 update: The Strategic Plan highlights 4 outcomes that the Service aims to progress, linked to the 10 priorities in the 2016 Fire and Rescue Framework. Underpinning these 4 outcomes are 16 strategic objectives. The Strategic Plan does not include the baseline position nor does it include KPIs or targets, although these are set out in the Performance Management Framework.

The Performance Management Framework was revised in 2020/21, with further revisions to performance reporting expected in either 2021/22 or 2022/23. This refers to the National Performance Framework, the Justice in Scotland vision, the Fire and Rescue Framework for Scotland and the Strategic Plan.

There is a clear map showing how the Service’s Strategic Plan outcomes are linked to strategic objectives and how these address the priorities in the Fire and Rescue Framework for Scotland.

The Performance Management Framework also provides a clear map as to how evidence of action is captured in performance measures, how these measures answer relevant questions about performance, how these questions deliver the strategic objectives and how by delivering these objectives, the outcomes sought in the Strategic Plan can be delivered. The four outcomes, underpinned by the 16 objectives, are measured by 62 performance indicators.

The Performance Management Framework notes that SFRS are "exploring opportunities to benchmark with other Fire and Rescue Services, other organisations and internally where true useful comparators can be identified to drive improved results." From our interviews and review of relevant documentation, this benchmarking is not yet widely used in practice – although we note that it is used in monitoring call handling and response times. While management have explained the various activities undertaken to identifying and implementing improvement (for example, conducting self-assessment through operational assurance exercises following operational incidents, with learning and improvements that follow shared throughout the Service), a more focused and systematic approach to operational self-assessment – which is one of the cornerstones of demonstrating value for money and Best Value – should be operationalised by the Service, rather than relying on external bodies (such as internal audit and the Scottish Government) to identify improvements required in the Service.

Views in the Staff Engagement report (see page 17) and the staff survey results going back to 2018/19 noted that one of the lowest scores was on different parts of SFRS not working well together or working in silos. Given this, it seems clear that internal benchmarking between different areas of SFRS, if carried out, could address these areas by encouraging cross-comparison of good practice and identification of areas where there is an outlier of good or bad performance that could be improved by improved cross-organisational working.

2020/21 conclusion: The Service has a clear and robust Performance Management Framework in place and in line with best practice, its performance measures align to the National Performance Framework. The evidence map in the Performance Management Framework, is clear and sets out in an understandable manner how the actions of the Service will be captured in performance measures, how these measures will achieve the objectives of the Service and how these objectives will deliver desired outcomes as set out in the Strategic Plan. We have assessed how this is applied in practice in reporting on performance on page 25.

Are resources being used effectively?

Are services improving?

Is Best Value demonstrated?

Value for money

Value for Money (continued)

Performance management framework (continued)

2020/21 conclusion (continued): The Service is a national organisation, broken down into three strategic areas (North, West, East), with local plans for each local authority area (32 in all). While there are differences in these areas and benchmarking will not be possible in all areas, it should be possible to perform benchmarking for significant parts of service delivery and provide supporting narrative for differences which are explained by differences in, for example, geography. This will enable the Board to be assured as to the performance of not only the organisation as a whole but its component parts, and provide evidence of cross-organisational learning and application of continuous improvement. **(Recommendation 4.1 and 4.2)**

Performance data

2019/20 conclusion: SFRS's performance for 2019/20 was measured against targets laid out in the Performance Management Framework. The performance indicators were aligned with the National Performance Framework.

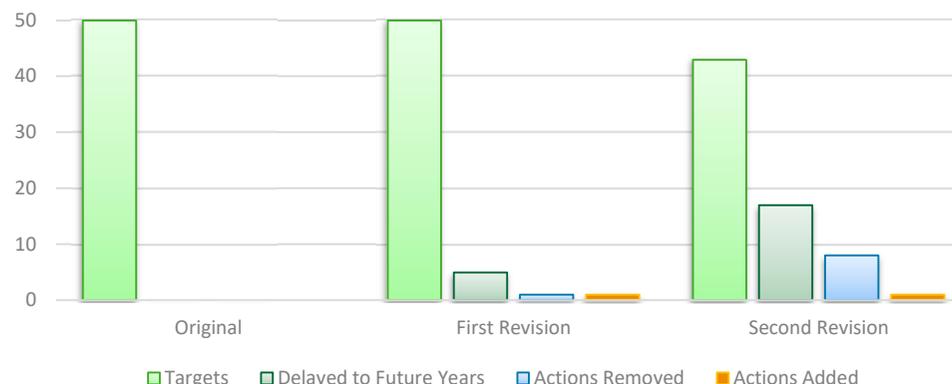
The Service has reported against its delivery of its KPIs. It is noted that the KPI calculations were based on provisional data and that finalised data would be available in time for the annual statistical returns. This is in line with prior years and was appropriately disclosed within the Annual Report and Accounts.

2020/21 update: The Annual Operating Plan for 2020/21 was initially prepared prior to the COVID-19 pandemic. The Annual Operating Plan identifies 50 actions, which are underpinned by myriad milestones to be achieved during the year. As agreed by the Board, the Annual Operating Plan was revised twice in the year to account for to the impact of COVID-19 on the Service.

The first revised Annual Operating Plan was presented to the Board in August 2020. In total, 25 actions (50% of all actions) had due dates extended (only 5 actions were deferred beyond 2020/21), 1 action was removed and 1 was added.

A second revision was presented to the Board in October 2020. In total, 8 actions (16%) were removed from the Annual Operating Plan, and 1 (2%) was added. A further 12 (24%) had due dates extended into future years. This was a significant deterioration on the situation presented to the Board two months earlier.

Annual Operating Plan: 2020/21



In addition to the 12 actions which had due dates extended into future years, 9 targets carried forward from 2019/20 have still not been implemented as at the end of 2020/21.

A significant proportion of the milestones are not sufficiently specific - e.g. "investigate opportunities", "identify and develop viable options" - which makes it difficult to assess their deliverability. The Annual Operating Plan appears to be a standalone document, with no observable tie ins to other key strategic documents (such as the Workforce and Strategic Resourcing Plan, LTFS, AMS, etc.), beyond the Strategic Plan. Each of the actions are linked to a strategic objective, which are in turn linked to a strategic outcome as set out in the Strategic Plan. The Service notes that the quarterly scrutiny process for the AOP ensures that progress on agreed actions and milestones are noted and any issues arising that have hindered expected progress is also noted for Board members to scrutinise.

Performance is reported quarterly to relevant committees and the Board. Performance reporting is in line with the Performance Management Framework – in that it sets out measures, how these link to performance questions, strategic objectives and strategic outcomes. There were significant movements in reported performance in the year.

Performance Reporting: 2020/21



*Q3 performance is reported against the 'Second Revision' to the Annual Operating Plan

Value for Money (continued)

Performance data (continued)

2020/21 conclusion: We recognise that the COVID-19 pandemic has had a significant impact on the Service. It is important that the Service take any lessons learned as it moves into the recovery phase to consider alternative approaches to service delivery and as discussed earlier, it is positive to note that a comprehensive report has already been approved by the Service to set out the emerging priorities for reset and renew.

Performance reporting within the Service is not fully standardised. Performance reporting against the Annual Operating Plan includes whether the Service is 'on target'. It would be helpful if – as with the Quarterly Performance Report that is scrutinised at the Service Delivery Committee – the AOP contained trend data to enable improved scrutiny and to demonstrate if continuous improvement is being achieved. The Combined Risk and Performance Report which is scrutinised by the Board could make clearer what it means when an indicator is 'being monitored' and why some indicators do not have an improvement target, which will also enhance links to the Performance Management Framework. This is particularly important for the significant amount of indicators that are noted as being for monitoring, without an actual target. This approach differs to performance reporting on the Service's Performance Framework KPIs. **(Recommendation 4.3)**

While the structure of the Performance Management Framework and the subsequent performance reporting is clear in aligning indicators with outcomes, there is a need for more narrative to clearly set out how these tie in together, and how the performance when combined has impacted on the desired outcome. In so doing, the Service can continually assess whether performance indicators are actually appropriate for identifying improvements in outcomes that they are meant to measure. **(Recommendation 4.4)**

Equalities

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: There is a comprehensive Equality Impact Assessment process in place, supported by an annual 'Mainstreaming and Equality Outcomes Report'. The application of these processes is evident through key strategic documents such as the Strategic Plan and the Climate Response Plan. In forward planning, consideration of equalities is embedded – for example, in the Service Delivery Model Programme, the development of the 'Community Risk Index Model' will enable a data and evidence based assessment of risk and consideration of inequalities across different communities and how the Service responds to those.

The Service is required to contribute to Local Outcome Improvement Plans across Scotland, which are designed to identify and reduce inequalities across local areas.

2020/21 conclusion: The Service has a highly developed approach to considering equalities. The consideration of equalities is embedded throughout the strategic planning process, and annual reporting on progress is comprehensive. This reporting demonstrates that there has been improvements made in, for example, addressing the gender pay gap between 2017 and 2021. However, other than this, it is difficult to assess improvements from previous years given the style of reporting. **(Recommendation 4.5)**

Deloitte view – Value for Money

We recognise that the COVID-19 pandemic has had a significant impact on the Service. It is important that the Service take any lessons learned as it moves into the recovery phase to consider alternative approaches to service delivery.

The Service has a clear and robust Performance Management Framework which is aligned to the National Performance Framework. However, performance reporting is inconsistent and it is unclear how different parts of the Service are performing comparatively. While there are differences across the Service and benchmarking will not be possible in all areas, the Service should perform benchmarking for significant parts of service delivery and provide supporting narrative for differences.

While the structure of the Performance Management Framework and the subsequent performance reporting is clear in aligning indicators with outcomes, there is a need for more narrative to clearly set out how these tie in together, and how the performance when combined has impacted on the desired outcome.

Best Value

The Scottish Public Finance Manual ('SPFM') explains that accountable officers have a specific responsibility to ensure that arrangements have been made to secure *Best Value*.

The duty of Best Value, as set out in the SPFM

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance.
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development.

The SPFM sets out nine characteristics of Best Value which public bodies are expected to demonstrate. The refreshed guidance issued by the Scottish Government in 2011 focused on 5 generic themes and 2 cross-cutting themes, which now define the expectations placed on Accountable Officers by the duty of Best Value.

Five themes:

1. Vision and Leadership
2. Effective Partnerships
3. Governance and Accountability
4. Use of Resources
5. Performance Management

Cross-cutting themes:

1. Equality
2. Sustainability

BV arrangements

The Service has a number of arrangements in place to secure Best Value. This is evidenced through the Strategic Plan and performance reporting.

As noted elsewhere within this report, the Service has an established governance framework and strong leadership. There is a culture of continuous improvement, evidenced by the strategic review of change, the establishment of the Service Delivery and Service Development Directorate and consideration of the committee structure.

The Service has had a 'Transformation Programme' for a number of years, although this is now undergoing significant review and will be replaced by a new change programme.

The Service recognises that it must deliver services within the financial resources available and, as noted elsewhere in this report, further work is required to achieve medium-to longer term financial sustainability.

Deloitte view – Best Value

The Service has sufficient arrangements in place to secure Best Value with a focus on continuous improvement, although there is room for improvement in the Service's internal processes for identifying areas for improvement and implementing the necessary changes, as well as in the pace of improvement.

Emerging issues

Climate change

Background	
<p>As noted in our Audit Plan, climate change is likely to drive some of the most profound changes to businesses in our lifetime. The global response to the COVID-19 pandemic could inform the fight against climate change and advantages taken of the inevitable response, such as less unnecessary air travel for business meetings and more home working, supported by better videoconferencing facilities. In collaboration with the ICAEW, Deloitte have launched a site to support considering what climate change means for finance professionals, accessible at: www.deloitte.co.uk/climatechange</p>	
Service preparedness	
<p>As part of our audit work in 2020/21, we have carried out a high level assessment of the work that the Service has done in relation to preparing for the impact of climate change and concluded as follows:</p>	
Baseline expectations	Scottish Fire and Rescue Service position
<p>Governance: Climate change is a strategic issue and should be on the Service’s agenda. Explain how you assess climate change risk as a strategic issue.</p>	<p>Climate change is clearly on the Service’s agenda, as evidenced from the following examples:</p> <ul style="list-style-type: none"> • The Service developed a Climate Change Response Plan towards the end of 2019/20. This plan takes into account the latest information from the United Nations, Paris Climate Agreement, Scottish Government targets and support available for public bodies. SFRS notes that it will develop a 25 year carbon reduction program, underpinned by 5 year Carbon Management Plans. • Following the development of the Climate Change Response Plan, an Energy and Carbon Strategy 2020-30 was developed in early 2020/21. The Energy and Carbon Strategy notes that the cost of powering the existing asset base is due to rise by 16% by 2025. It is not clear how this – or the Strategy in general – ties in with the LTFS or MTFM. • The Energy and Carbon Strategy is supported by a Carbon Management Plan 2020-25. The 'Carbon Map 2020' in the Energy and Carbon Strategy and the same map in the Carbon Management Plan do not align. Similarly, the 'carbon cost' in the Strategy and the Plan (both taken from 2018/19 figures) do not align. This raises questions as to how effective the links are between the two, and as to the accuracy of the information contained within them. <p>The Service should monitor the impact of implementation of the Carbon Management Plan and revise the Strategy and Response Plan where required.</p>

Emerging issues (continued)

Climate change (continued)

Service preparedness (continued)	
Baseline expectations (continued)	Scottish Fire and Rescue Service position (continued)
<p>Risks and Strategy: Articulate clearly whether climate change represents a principal or emerging risk and how it is being managed.</p>	<p>Climate change is not included on the Service’s Strategic Risk Register. There is a clear consideration of risk across the Carbon Management Plan, the Energy and Carbon Strategy, and the Climate Change Response Plan.</p>
<p>Targets and metrics: If targets and metrics are disclosed, explain how those targets or metrics fit into strategic targets/approach.</p>	<p>The Climate Change (Scotland) Act 2009 set a long-term target to reduce emissions of greenhouse gases by at least 80% in 2050. However, recent scientific evidence, presented to the Committee on Climate Change, has set out that a greater level of change is needed.</p> <p>The Scottish Government passed the Climate (Scotland) Act which received Royal Assent on 31 October 2019. This Act legislates new, more stringent, targets for carbon reduction. The Service recognised the need for a greater degree of action to further enhance the Service’s role in addressing climate change and reducing its carbon footprint.</p> <p>The Service has developed a comprehensive suite of strategies and plans in response to climate change. Medium-term Carbon Management Plans support a longer-term Energy and Carbon Strategy, which itself supports the Climate Change Response Plan 2045. As it is still in the initial stages of implementation, it is not possible to assess the effectiveness of implementation at present.</p> <p>The Carbon Management Plan notes that there will need to be £48.4m investment over five years to achieve the targets set within it. These projects are included in the Capital Programme only where funding is confirmed, which raises immediate questions as to the deliverability of the plan.</p> <p>We will continue to monitor in future if progress is being made, and how this is reported to the Strategic Leadership Team and Board, as set out in the Energy and Carbon Strategy.</p>
<p>Reporting/Financial Statements: Transparency in the Annual Report and Accounts.</p>	<p>There was narrative included in the 2019/20 Annual Report and Accounts as part of the ‘Public Value Spotlight: Our environmental commitments’. The Service also reported on climate change within the Sustainability Report section of the Annual Report and Accounts.</p>

Sector developments



Scottish Futures Trust - New Frontiers for Smarter Working, Work and Workplace post COVID-19

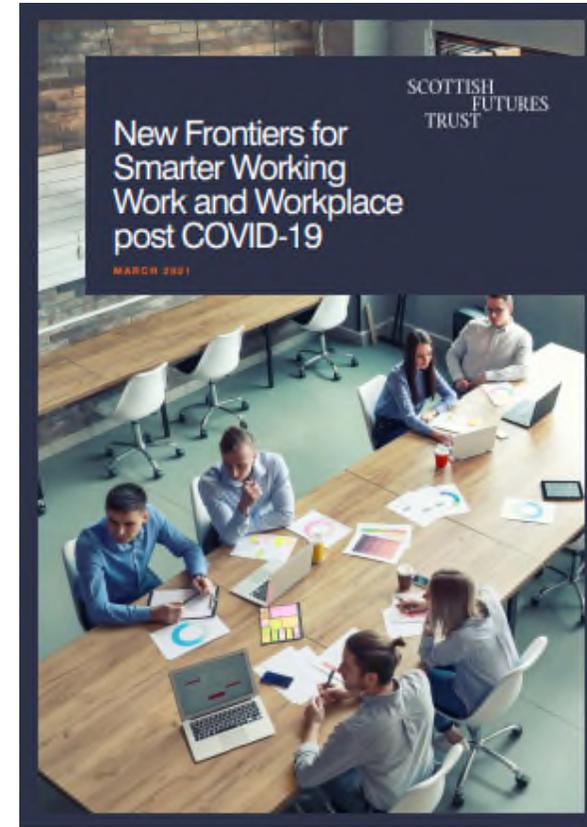
Background and overview

COVID-19 has fast-tracked a social revolution where a wider range of working choices could be on the horizon for hundreds of thousands of workers.

A new report by infrastructure experts, the Scottish Futures Trust reveals that the workforce of the future - predominantly those who have been office based - will want to make informed choices of where and how to work most productively and more beneficially for their wellbeing.

Post the pandemic, organisations should consider the three 'Hs' of working - from Home, a nearby hub or local location, where employees can meet clients or have time to concentrate on projects, or the HQ and head office, where people can gather to socialise, brainstorm ideas or collaborate face-to-face.

The "New Frontiers for Smarter Working, Work and Workplace Report" also finds that this new blended future will depend on how employers gauge the benefits from the improved working set up while ensuring the wellbeing of employees.



Next steps

The report reveals a new future for best work, productivity and wellbeing. The full report is available at

https://www.scottishfuturestrust.org.uk/storage/uploads/new_frontiers_report_march2021.pdf

Appendices



Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit and Risk Assurance Committee and the Board discharge their governance duties. Our report includes our work on the following:

- Financial management;
- Financial sustainability;
- Governance and transparency;
- Value for money; and
- Best Value.

The scope of our work

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Service, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Service.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.



Pat Kenny, CPFA
For and on behalf of Deloitte LLP
Glasgow | 20 August 2021

Action plan

Recommendations for improvement – Financial Management

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.1	Financial Reporting	The annual budget should be able to serve as a stand-alone item, capable of scrutiny and challenge on its own merits rather than by reliance on previous reporting and assumed knowledge. This should include clearly setting out the assumptions underpinning the budget.	Agreed. SFRS have provided information to the Board on the annual budget as part of Board development/information sessions and then this is consolidated at the Board meeting where the budget reports are approved. In our opinion cumulatively, this gives the Board sufficient information to scrutinise the annual budget. SFRS however accepts the recommendation and will reference outputs from the information sessions to improve transparency and provide a standalone report for the Capital and Resource budgets for Board approval.	Acting Director of Finance & Procurement	31/3/2022	High
1.2	Financial Reporting	The annual budget should be explicitly referenced to the Service's key strategic documents, for example the Strategic Plan, Workforce and Strategic Resourcing Plan and LTFS, to demonstrate how the Service is allocating its resources on a short-term basis to drive the long-term change it recognises is needed in these strategic documents.	The annual budget supports the achievement of the outcomes and objectives set out in our strategic plan. The recommendation is accepted and moving forward the annual budget will allocate resources with reference to other strategic documents including the Workforce and Strategic Resourcing Plan and the Long Term Financial Strategy.	Acting Director of Finance & Procurement	31/3/2022	High
1.3	Financial Reporting	The annual budget should provide a high-level summary of how resources are allocated against the Service's outcomes, to enable the Board to challenge whether resources are appropriately allocated and sufficiently targeted to address areas of poor performance.	SFRS agree with this recommendation and will seek to engage with the Board on the presentation of the budget to demonstrate how resources are allocated to outcomes to aid scrutiny.	Acting Director of Finance & Procurement	31/3/2023	High

Action plan (continued)

Recommendations for improvement – Financial Management (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.4	Savings Plans	The budget should clearly set out how the savings target included within it links in with the savings requirements identified in the MTFM and the LTFS.	Agreed. SFRS will be explicit about the targeted budgeted savings anticipated as part of the budget setting process. The Medium Term Financial Model (previously validated by Deloitte) is updated on an annual basis to include the latest assumptions such as inflation or pay awards used in the annual budget setting process. The model is then used to run various financial scenarios and support strategic decision making and where appropriate identify potential funding gaps that require efficiencies to be achieved. The Long Term Financial Strategy will be updated to reflect the latest position on savings.	Acting Director of Finance & Procurement	31/3/2023	Medium
1.5	Savings Plan	Resource Monitoring Reports should include clear, summary information on the total amount of efficiency savings achieved in the year. This should set out whether savings are recurring or non-recurring. Cost delays should be clearly differentiated. This should include reporting on the specific targets identified in the budget and provide an update on those savings not identified in the budget but subsequently identified by the Service.	Agreed. The finance team as part of monthly monitoring activity track cashable efficiency savings (recurring and non- recurring) for the resource budget during the year with budget holders as well as identifying cost pressures. This information will be summarised and referenced back to the targeted efficiencies as set by the budget setting process. Our financial reporting will be developed to summarise progress and included in our financial monitoring reports to SLT and Board. Where possible information on whether savings for example COVID-19 savings (already reported) are delayed costs will be identified.	Acting Director of Finance & Procurement	31/3/2022	Medium
1.6	Savings Plans	The annual budget should clearly set out efficiency savings targets, including where these are expected to be achieved. The budget should identify which savings have already been identified and can be specifically reported against in the year, with a 'RAG' risk rating for those savings yet to be identified in terms of the risk of the Service being able to deliver them.	Agreed. All targeted savings are identified and included in the budget setting process. Moving forward budgeted savings will be tracked and associated RAG status will be provided and reported against. The reporting of progress against budgeted efficiencies will be reported to the Board as part of the resource monitoring report.	Acting Director of Finance & Procurement	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Management (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.7	Financial Capacity	The relevant committee or Board should ensure that it considers whether the process by which management have determined the structure of the finance function is sufficiently robust to enable the Service to make full and effective use of the finance function to drive improvements in the use of resources, as recommended throughout our work.	Disagree. As highlighted in the commentary of the report the structure of finance is an operational matter designed to meet the needs of the Service. The process for agreement on structural changes for Finance and Procurement is consistent with the Service’s governance process on people changes with restructure requests requiring approval by the Director of People and Organisational Development and the Director of Finance and Contractual Services (now the Acting Director of Finance and Procurement). If additional budget is required the Senior Leadership Team approve any change. The restructures supported the improvement in our strategic procurement capability and in finance reallocating resources from transactional processing to the added value areas of decision support, accounting, risk and audit, and finance systems based on continuous improvement activities. The Chief Officer as the accountable officer discussed the secondment of the Director of Finance and Contractual Services with the Board and the subsequent temporary appointments of the Acting Director of Finance and Procurement and Acting Director of Asset Management.	Acting Director of Finance & Procurement	Recommendation not accepted.	Medium
1.8	Financial Capacity	Given the various changes recommended to financial planning and reporting as identified in our work, management should perform a review of the required skills and competencies to embed these within the Service and ensure that the finance function has these either currently, through planned training or through acquiring external expertise.	Agreed. The Acting Director of Finance and Procurement is confident that the various improvements recommended by Deloitte can be delivered through existing finance resources but will seek external support should this be required. The Acting Head of Finance and Procurement will complete a training needs analysis (skills and competencies) to determine gaps in training across Finance with initial emphasis on Decision Support. The acting Head of Finance and Procurement will use a relevant finance maturity model to determine future training needs.	Acting Director of Finance & Procurement	30/9/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Management (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.9	Internal Audit	In assessing the findings and recommendations of internal and external audit and management's response to those, the relevant committee or Board should ensure that it is satisfied that management have both the capacity and are sufficiently focussed to deliver the recommendations.	<p>The Service's progress on completion of audit actions is reported via Azets (our internal auditors) to the Audit and Risk Assurance Committee on a quarterly basis and there has been a focus on improving the closure of audit actions of earlier years. On appointment, Azets reviewed the approach and suggested that management were too optimistic in setting completion dates and that this should include completion of governance processes, evidence gathering to close the action and take account of business as usual activities. Progress has been made and management believe sufficient focus is being maintained on audit actions with regular follow up meetings with those responsible for audit actions to make satisfactory progress. In some occasions the Service is dependent on external input to close an action and this takes additional time.</p> <p>The chair of ARAC supported by Azets to consider whether ARAC are of the opinion that management are making sufficient progress on audit actions based on Deloitte's recommendation.</p>	Chair of ARAC	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Sustainability

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.1	<i>Capital Planning and Asset Management</i>	Following completion of work with the Scottish Government in assessing the capital investment needs of the Service, the AMS should be reviewed to ensure that it aligns with this need, the Strategic Plan and the Change Programme.	The AMS is part of a suite of strategy documents (Fleet, Property and Equipment) to be undertaken by the newly recruited Asset Governance & Performance Manager. The priority is to work on the SFRS Board request for a new Fleet Strategy. The intention is for the new AMS to be aligned to the outcomes of the SDMP, Standard Station Design and the Service Review as well as the Strategic Aims and Objectives of the Service.	Acting Director of Asset Management	31/3/2022	High
2.2	<i>Capital Planning and Asset Management</i>	Instead of reporting against a single 'backlog' figure, the Service should differentiate between required capital investment to transition from the current asset base to the required asset base, and actual maintenance/repair/replacement backlogs, to enable appropriate assessment of the risk of asset failure and the impact of delayed capital investment on service delivery.	As part of the work for the new Asset Strategy documents for Fleet, Property and Equipment, a detailed examination of current maintenance backlog figures will be undertaken. The intention will be to differentiate the backlog figure between required capital investment to transition from the current asset base to the required asset base, as well as to highlight actual maintenance/ repair/ replacement backlogs.	Acting Director of Asset Management	31/3/2022	High
2.3	<i>Medium-to-Long-Term Financial Planning</i>	The LTFS should be revised to demonstrate how the Service plans to allocate resources against outcomes over the length of the Strategy. Alternatively, the MTFM could be revised to serve this purpose.	Agreed. As indicated at 1.3 the Service will review the LTFS and will include how the service applies budget resources to outcomes.	Acting Director of Finance & Procurement	31/3/2023	High

Action plan (continued)

Recommendations for improvement – Financial Sustainability (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.4	<i>Medium-to-Long-Term Financial Planning</i>	Going forward, key documents which are expected to have longer-term financial implications – such as the Workforce and Strategic Resourcing Plan, Capital Programme and Resource Budget – should include clear, quantitative links to the LTFS, setting out how the decisions taken in the short-term impact the position in the long-term.	Agreed. As indicated in 1.2 the Service will ensure documents that have an impact on the LTFS will be linked to it.	Acting Director of Finance & Procurement	31/3/2023	High
2.5	<i>Workforce Planning</i>	Subject to ongoing work on the vision for the future, the Workforce and Strategic Resourcing Plan needs to be reviewed to clearly set out how it is aligned to the Strategic Plan, LTFS, and other key strategic documents – including any successor to the Transformation Programme.	Agreed. The Service will ensure that this is achieved via the Strategic Workforce & Resourcing Plan (WFP) which is already commissioned by the POD Workforce Planning and Resourcing Team with an expected publish date of Q4 2021/22. This document is developed in line with the aims of the SFRS Strategic Plan, the Future Vision, AOP, and any other relevant future plans via focus groups which assess the key data and ensure it is integrated into the WFP. The plan is organic in nature and is adjusted in accordance with any change factors identified via the aforementioned Forums and will align in the same way with any future strategic plans. These are scrutinised and approved via through a chain of governance from POD DMT through to the SFRS Board and any challenges, risks and mitigations are identified in the relevant Risk Registers.	Director of People and Organisational Development	31/12/2022	High
2.6	<i>Budget Setting</i>	The budget report to the Board should set out the process through which the budget was developed, the extent to which there has been consultation and how this consultation was reflected in the budget, so as to enable the Board to satisfy themselves as to the robustness of that process in approving the budget.	Agreed, the budget setting process for 22/23 will include the consultation completed with budget holders, SLT and the Board.	Acting Director of Finance & Procurement	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Sustainability (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.7	<i>Budget Setting</i>	Given the recommendations made through our work, the Service should holistically review its budget setting process and reporting style to ensure that the process and reporting are designed to reflect best practice and address these recommendations, rather than making further ad-hoc changes.	The Service will review the budget setting process taking account of good practice. Where appropriate changes will be made to the financial reporting during this financial year based on both Deloitte’s recommendations and the needs of the Board. Any improvements identified in the budget setting process will be included as part of the budget setting for 22/23.	Acting Director of Finance & Procurement	31/3/2022	Medium
2.8	<i>Capital Planning and Asset Management</i>	The Service should ensure that the Capital Programme is linked to the LTFS, AMS and Resource Budget, setting out how the Capital Programme progresses these and the anticipated consequences of the capital investment decisions on the resource budget over the period.	Agreed. The Service recognises that capital funding received is less than required to fully address the asset backlog from legacy services. SFRS has worked with Scottish Government to secure additional funding where possible and has agreed to share premises at 51 stations with other public sector organisations including police and ambulance service. SFRS has applied for funding to support decarbonisation of its activities and this includes fleet and property which will partially support addressing our asset backlog. SFRS will continue to work with Scottish Government to seek additional funding where this is available. Within this context, the Service will update the LTFS, based on the revised AMS and highlight the impacts on the resource budget.	Acting Director of Asset Management	31/3/2022	Medium
2.9	<i>Capital Planning and Asset Management</i>	Monitoring of performance against the Capital Programme should include summary information on the number of projects expected to be (or which have been) delivered in line with the original timescales and original budgets.	Agreed. The Service already provides information on all major projects to the change portfolio committee and this provides information on time, cost and quality. The recommendation is to expand this to cover the timeline around all capital projects and to report at a summary level to the Board. In reality, the capital programme is delivered throughout the year to maximise the funding available which requires many projects to be delivered within the financial year. In line with the recommendation the Service will provide additional summary information on the delivery of projects against original timelines recognising the many detailed projects involved in the programme.	Acting Director of Asset Management	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Sustainability (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.10	Workforce Planning	The Training Strategy should be clearly linked to the Strategic Plan and the Workforce and Strategic Resourcing Plan, including measurable actions and targets.	The foreword of the Training Strategy specifically mentions the following “The Training Strategy supports the intended outcomes of the SFRS Strategic Plan 2019-22, the findings of the Training and Employee Development (TED) Review and compliments the People and Organisational Development (POD) Directorate plans”. With regards measurable actions and targets, 7 priorities (Actions) are identified with dates identified as quarters across a number of years. Recovery plans are now in place and they also support the delivery of the strategy with dates and targets. Within the Training Function the Continuous Improvement Plan Actions and Targets are set with dates and support the delivery of the Strategy. In recognising the comments made, the strategy will be reviewed to strengthen the link to the POD Resourcing Plans.	Director of Training, Safety and Assurance	31/3/2022	Medium
2.11	Workforce Planning	Progress on implementing the Workforce and Strategic Resourcing Plan should be considered on a periodic basis the relevant committee or the Board, to ensure that there are effective targets in place and to assess performance against them.	Agreed. This will be done via the People Board and People Committee which will agree targets and monitor progress against them.	Director of People and Organisational Development	31/3/2022	Medium
2.12	Workforce Planning	The Workforce and Strategic Resourcing Plan should be reviewed to clearly set out the Target Operating Model for the entire workforce, and what actions it plans to take to transition from the current workforce to the workforce required in the future.	Agreed. This will continue to be implemented via the Strategic Workforce and Resourcing Plan and will be monitored via the People Board and agreed with SLT, People Board and SFRS Board as appropriate.	Director of People and Organisational Development	31/3/2023	Medium

Action plan (continued)

Recommendations for improvement – Governance and Transparency

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
3.1	<i>Governance and Scrutiny Arrangements</i>	The Board should consider where external findings have been made on key governance documents – such as the Anti-Fraud Policy, Risk Registers, compliance with Standing Orders, review of effectiveness of Code of Corporate Governance – why the Board’s internal processes were insufficient to prevent, or detect and correct, the identified issues. The Board should update its processes to ensure that they are effectively designed and implemented to reduce the reliance on external bodies to identify areas for improvement.	<p>Agreed. The Board remain committed to improving its decision-making processes and will review them in line with identified good practices across the public sector. A revised Governance Framework for the Service will be presented to the Board during 2021/22. The framework will continue to ensure relevant internal audit or improvement initiative findings on policy issues and governance processes are fully reported to the Board. Service policies will continue to be reviewed in line with the published timeframe and the policy review process will be monitored by the Good Governance Board with the Director of SPPC reporting any issues to the Board as appropriate.</p> <p>The Fraud Policy has been revised and is currently out for consultation. Once comments have been received, the policy will be reviewed and reported to the Audit & Risk Assurance Committee in October 2021. The creation of an LCMS training package will assist in developing awareness of fraud as a risk to the Service, developing additional awareness and ownership throughout the Service.</p> <p>The Risk Management Policy will be revised and reported to the Audit & Risk Assurance Committee in October 2021. The revision will align the policy with the current risk management framework which has undergone significant change in the last few years. The review already undertaken of the Service’s risk register will provide SMART actions, additional assurance on progress made against control actions and will assist Board Members in their scrutiny of the framework.</p>	Director of Strategic Planning, Performance and Communications	31/3/2022	High
3.2	<i>Openness and Transparency</i>	The Service should reconsider its approach to allowing public access to Board meetings, to ensure that Board members are being as accountable and transparent as reasonably practicable, as required under the Fire (Scotland) Act 2005.	<p>Agreed. Throughout 2020 the Board reviewed its ability to continue to ensure its commitment to full public access to its meetings, papers and decisions. Following Scottish Government guidance in person attendance at meetings was suspended and meetings moved online. ICT system issues prevented public access to online meetings until the introduction of Microsoft Teams in early 2021. Since August 2021 stakeholders are able to view the proceedings live by joining via Microsoft Teams. Prior to August 2021 recordings of Board meetings have been posted online to ensure members of the public who cannot view the meeting live can view Board meetings. The Board will return to full in person meetings, including by members of the public, when Government guidance deems that appropriate.</p>	Director of Strategic Planning, Performance and Communications	31/8/2021	High

Action plan (continued)

Recommendations for improvement – Value for Money

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
4.1	<i>Performance Management Framework</i>	The Service should report on the process it has undertaken to attempt benchmarking of performance internally, in order to ensure that local areas learn from good practice elsewhere in the Service. This report should identify those areas where effective benchmarking can be carried out and how this will be done going forward, as well as reporting on those areas where effective benchmarking cannot be carried out and why this is the case.	Agreed. As part of the annual review of the Performance Management Framework (PMF) an annual performance report detailing trends in performance including relevant benchmarking data from Services elsewhere in the UK will be produced for the Board. The Business Intelligence and Data Services Team continues to support the Service Delivery Directorate on internal benchmarking and sharing of improvement practices across the Service. The development of performance monitoring across the service will be reported to Good Governance Board. This will include reporting on benchmarking of internal performance.	Director of Strategic Planning, Performance and Communications	31/3/2022	High
4.2	<i>Performance Data</i>	Performance reports should include targets and trend data to enable a meaningful assessment of performance.	Agreed. As part of the annual review of the Performance Management Framework all performance reports are reviewed. Existing reporting against targets and trend data, for example Health and Safety Reporting, Quarterly Performance, will continue. The PMF includes targets and key performance indicators. Progress against these will continue to be reported to the SFRS Board. This will include trend data. Targets contained within directorate or service areas and trends will also be reported on.	Director of Strategic Planning, Performance and Communications	31/3/2022	High

Action plan (continued)

Recommendations for improvement – Value for Money

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
4.3	Performance Management Framework	Consideration should be given to the development of a systematic programme of operational self-assessment to demonstrate the Service’s commitment to continuous improvement.	<p>Agreed. SFRS does not have at this time a specific forward looking plan for service improvement. The service improvement team work proactively with Directorates to support Service Improvement across the Service to ensure appropriate methodologies are being used and good practice applied. A Service Improvement Framework to ensure the systematic approach to continuous improvement will be developed to demonstrate the commitment to continuous improvement across the service.</p> <p>That is to say, we do not have a defined framework in place today that has a specific and structured approach to Self-Assessment required to assess SFRS wide performance and for the identification of service wide improvements. The Deloitte finding is specific to operational self-assessment. SFRS do align to and train our internal employees on the use of the Public Service Improvement Framework (PSIF) designed by NHS National Education for Scotland (NES) for continuous improvement and are currently going through a 2nd cohort of training delivered by NHS. However, the Embedding of those skills, practices and frameworks that allow for self-assessment and continued improvement across SFRS that is seen as sustainable would be our next maturity step. In addition, the forward looking objective has to be how we integrate self-assessment into our existing planning and review frameworks, along with how we introduce a process of identification and prioritisation of improvement to ensure we align organisation resources appropriately. Lastly, we need to consider how we might bring transparency and visibility to the results of these assessments and share widely within the organisation and highlight agreed actions resulting from it.</p> <p>The target date set across for this recommendation is for the development of the relevant framework, with adopting and embedding across the Service expected to occur beyond this date.</p>	Director of Service Development	31/03/2022	High

Action plan (continued)

Recommendations for improvement – Value for Money (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
4.4	<i>Performance Data</i>	Consideration should be given to how to improve performance reporting – either the quarterly progress reports or a consolidated report – to consolidate performance indicators associated with each outcome and set out how that performance and those indicators demonstrate an impact on the outcome being sought. This should also include reference to external information that demonstrates an impact on the outcome.	Agreed. As part of the implementation of the Business Intelligence Strategy regular progress reports are presented to the Good Governance Board which considers how the Service seeks to improve performance reporting. The SFRS Board will receive a consolidated performance report against the PMF, including trend information, which will be published formally in 2022/23. Further work will be undertaken to review reporting against outcomes.	Director of Strategic Planning, Performance and Communications	31/3/2022	High
4.5	<i>Equalities</i>	Annual reporting on equality outcomes should provide reporting against targets (where they exist) and summarised trend data to demonstrate where inequalities are being reduced and where further work is required.	Agreed. This will be collated throughout the year and summarised for the Annual Report.	Director of People and Organisational Development	31/12/2022	Medium

Action plan (continued)

Follow-up previous year actions

We have followed up the recommendations made in our previous years audits and are pleased to note that 2 of the recommendations have been fully implemented, with 1 partially implemented. The following recommendation has been partially implemented. We will continue to monitor this as part of our 2021/22 audit work.

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2020/21 Update
Financial sustainability	The Service should continue to ensure that they review, and where appropriate revise their financial strategy during 2020/21 to reflect on the impact of COVID-19, it is important that the Service also build into the scenarios the impact of demand pressures on costs to the Service along with the estimated changes in funding to get a fuller picture of the likely challenges that it faces.	Work has been carried out on an ongoing basis since before the start of the Covid-19 lockdown in the UK. This has resulted in the preparation of a Routemap To Delivering Reset and Renew to allow the SFRS to navigate through the impact of Covid-19. This covers 8 key themes: People, Workplace, Operational Strategy, Governance and Compliance, Technology, Leadership, Partnership Working and Communications and Engagement. Finance is a factor in all of these themes and the impact of Covid-19 has been reflected in budget monitoring reports to the Board and will be considered when preparing the budget for 2021/22.	Director of Finance and Contractual Services	March 2021	Medium	<p>Partially implemented.</p> <p>Updated management comment: The budget setting process considered the impact of COVID-19 based on the Service's experience to date and anticipated costs and savings were reflected in the budget for 2021/22. The impacts of COVID-19 in terms of recovery activities were considered in March and Directorates presented initial business cases to SLT in April 2021 for approval. The business case process was led by the Deputy Chief Officer and SLT subsequently approved a revised set of business cases guided by the Medium-Term Financial Model. The revised business cases were then included in the budget for 2021/22. A summary of business case process was presented to the Board in July 2021 as part of a Board information day. A business case tactical action group including Heads of Function reviews progress and this is linked to the Reset and Renew routemap. The Reset and Renew programme continues to be developed as the Service starts to recover from COVID-19 but this is anticipated to take a number of years to complete.</p> <p>Revised target : 31/3/2023</p>



This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2021 Deloitte LLP. All rights reserved.