

# Shropshire and Wrekin Fire and Rescue Authority

Auditor's Annual Report for the  
year ended 31 March 2024

February 2025 Interim



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction



## Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Shropshire and Wrekin Fire and Rescue Authority ("the Fire Authority") during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the Value for Money (VfM) arrangements.

All Fire and Rescue Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out in Appendix A.

Fire & Rescue Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

## Responsibilities of the appointed auditor

### Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

### Value for money

We report our judgements on whether the Authority has proper arrangements in place regarding arrangements under the three specified criteria:

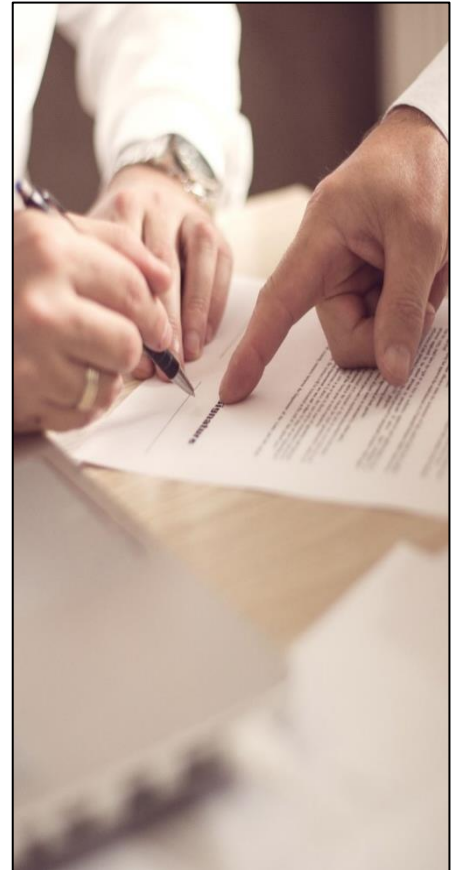
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

### Auditor powers

Local Auditors have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 14. None of these powers have been used during this audit period.



# Executive summary



# Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. Our summary findings are set out below.



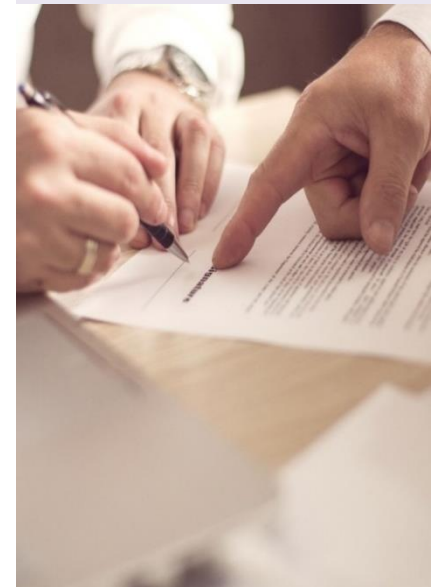
## Financial sustainability

The Fire Authority has appropriate arrangements in place to ensure it remains financially sound in the medium term. For 2023/24 the Authority underspent its budget of £26.562m by £2.413m. The Medium Term Financial Plan is balanced through to 2026/27. The Fire Authority uses scenario analysis and reasonable assumptions when setting its budget. The capital programme is designed to support the objectives in the Community Risk Management Plan. The Fire Authority recognises that there has been significant slippage on its capital programme in recent years and has strengthened arrangements to ensure that projects proceed as planned. We note that this issue has been identified as an area for improvement by the His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

We are aware that the Fire Authority has been dealing with some potential employment related claims and has made a significant contribution to the Pensions and Other Staff Issues Reserve to mitigate the impact of future employment liabilities in 2024/25. We recommend that the Fire Authority should work to estimate the potential financial impact of any possible claims and consider the likely impact on useable reserves and ensure that this is reflected in the budget and medium-term financial plan.



We have completed our audit of your financial statements and plan to issue unqualified audit opinion in advance of the 28 February. Our findings are set out in further detail on page 13.





# Executive summary (continued)



## Governance

In April 2024, a number of allegations were made against the Fire Authority and some members of its leadership team. This was in regard to inappropriate WhatsApp messages being sent by senior officers.

The Chief Fire Officer and Assistant Chief Fire Officer were both subject to a misconduct investigation following allegations of inappropriate WhatsApp messages. The Fire Authority's Personnel Panel considered the results of these investigations and issued the Chief Fire Officer a written warning and a mandatory training requirement. The Assistant Chief Fire Officer resigned from the Fire Authority, before the investigation had concluded. We have confirmed that the Fire Authority has followed its own processes and appropriately investigated these matters. However, in view of the conclusions of the Fire Authority's Personnel Panel and information reviewed as part of our VfM audit work, we are not satisfied that some of the Fire Authority's leadership demonstrated appropriate behaviours during 2023/24. We consider that this represents a significant weakness in the Fire Authority's arrangements to ensure appropriate standards and behaviours and we have therefore raised a key recommendation on page nine.

In their November 2024 report, HMICFRS identified that "Promoting the right values and culture" as "requires improvement" at the Fire Authority. The report found that senior leaders didn't always act as positive role models or demonstrate the culture and behaviours of the service. This finding is consistent with our comments above and our key recommendation.

As a result of the events referred to above, the Fire Authority has identified some areas where improvements can be made to its governance arrangements, particularly in relation to ensuring policies and procedures regarding investigation of complaints and disciplinary matters are strengthened and adhered to. We agree with this assessment and have made an Improvement Recommendation on page 24.

Our work has highlighted that the documentation to inform decision making could be improved. There should be documented evidence of VfM considerations in decisions which lead to the Fire Authority incurring significant additional costs. We consider this to be a significant weakness in the arrangements the Fire Authority had to ensure it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. We have therefore raised a Key Recommendation on page 10.

We experienced delays in obtaining evidence of an appropriate level of detail to conclude our VfM audit work, which exposed capacity gaps at a senior management level. The Fire Authority has recognised that it needs to increase capacity in its Statutory Officers, to ensure they are able to respond to increased demands on these roles, as was required during 2023/24. We agree with this assessment and consider that it represents a significant weakness in the arrangements the Fire Authority had in place to ensure it had the appropriate capacity in place to respond to significant challenges. We have therefore raised a Key Recommendation on page 10.

The Fire Authority has enhanced its risk reporting. However, as we have reported in previous years and identified by HMICFRS in November 2024, there is scope for further improvement in the Fire Authority's risk reporting. We have identified a significant weakness and raised a key recommendation around the HMICFRS areas for improvement, as outlined on page eight.

The Fire Authority has appropriate Internal Audit and Counter Fraud arrangements. Budget setting is sound, with reasonable key assumptions used. Officers recognise that there is scope to enhance in-year financial reporting and are taking steps to do this through 2024/25.

# Executive summary (continued)



## Improving economy, efficiency and effectiveness

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspected the Fire Authority in June and July 2024, with their report being made public in November 2024. Whilst the timing of the inspection is after the 31 March 2024 it does provide the Inspector's assessment of the arrangements, which it is reasonable to assume were in place during 2023/24. We have made appropriate use of the HMICFRS report but not sought to duplicate any recommendations.

The HMICFRS summary includes *"We were disappointed to see that the service hasn't made the progress we expected since our 2021 inspection despite having a good basis to build on. Only 3 of the 16 areas for improvement identified last time have been suitably addressed. Many other areas have deteriorated, particularly in relation to efficiency and the service's people."*

The principal findings from the assessments of the service were as follows:

- The service isn't managing its resources well, which is a cause of concern in relation to the scrutiny of financial decisions, transparency around the funding of capital projects, and performance management arrangements.
- The service needs to do more to improve its culture as, despite commissioning an independent review, it hasn't progressed any of the recommendations, and some behaviour isn't in line with service values.
- The service hasn't made enough progress on equality, diversity and inclusion, and has issues with equality impact assessments and lack of confidence in processes tackling bullying, harassment and discrimination, and for promotion.
- The service needs to do more to make sure it has the right skills and capacity to successfully manage change in the future, including in areas such as estates, information and communication technology (ICT) and project management."

Of particular concern to HMICFRS was "Best use of resources" which was judged to be "Inadequate". In this area HMICFRS raised a "Cause for Concern", reporting "The service doesn't have adequate processes, controls or internal governance arrangements in place to manage strategic risks, performance and improvement plans."

**HMICFRS Recommended that the service should develop an action plan to make sure:**

- there are appropriate strategic oversight arrangements in place to manage risks, performance and improvement plans effectively;
- the corporate risk register is actively used to mitigate and manage known risks;
- all processes in place to support performance management are effective;
- it has access to accurate data and analysis to support effective performance management; and
- it has robust processes for reporting accurate and suitably detailed finance and risk information to the fire and rescue authority.

The findings of HMICFRS represent a significant weakness in arrangements and we have raised a key recommendation on the next page.

# Executive summary (continued)



## Significant weakness identified in Governance and Improving economy, efficiency and effectiveness arrangements

As part of our work, we considered whether there were any risks of significant weakness in the Fire Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. A significant weakness has been identified in relation to the findings of HMICFRS and the Cause for Concern raised in November 2024.

### Cause for concern in arrangements to ensure adequate processes, controls or internal governance arrangements in place to manage strategic risks, performance and improvement plans.

We note that the Fire Authority presented a "Cause for Concern" action plan to Members in early December. HMICFRS have reported that they are disappointed with the slow progress against their previous report. The Fire Authority needs to ensure this is not repeated. It is important that delivery of the action plan, and progress against the other recommendations made, is reported to Members regularly in a public setting. This will enable Members to be assured of progress or to support and hold Officers to account where delivery is behind plan. Public reporting is important so that members of the public and service users can also be sighted on progress.

This represents a significant weakness in arrangements to secure economy, efficiency and effectiveness in the use of resources. We have raised a key recommendation as below.

#### Key recommendation 1

In order to demonstrate progress against His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) November 2024 inspection report the Fire Authority needs to develop a comprehensive action plan to address the Cause for Concern and Areas for Improvement raised. Progress on delivery should be reported publicly to Members regularly.



# Executive summary (continued)

## Significant weaknesses identified in governance arrangements

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We reviewed the Fire Authority's arrangements to deliver sound governance and have concluded that there were significant weaknesses in arrangements.

In April 2024, a number of allegations were made against the Fire Authority and members of its leadership team. This was in regard to inappropriate WhatsApp messages being sent by senior officers. Some of these messages were reported in the national press. The Chief Fire Officer and an Assistant Chief Fire Officer were both subject to misconduct investigations. The Fire Authority's Personnel Panel considered the results of these investigation into the Chief Fire Officer and issued a written warning and a mandatory training requirement. The Assistant Chief Fire Officer resigned from the Fire Authority, before the investigation had concluded. We have confirmed that the Fire Authority has followed its own processes and appropriately investigated these matters. However, we have identified the following three issues which we believe are indicative of significant weaknesses in the Fire Authority's governance arrangements:

### Leadership and culture

In view of the conclusions of the Fire Authority's Personnel Panel and information reviewed as part of our VfM audit work, we are not satisfied that some of the Fire Authority's leadership demonstrated appropriate behaviours and set an appropriate 'tone from the top' during 2023/24. This is further supported by HMICFRS's November 2024 inspection report. HMICFRS assess "Promoting the right values and culture" as "Inadequate". Among other findings they state *"In the staff survey carried out for this inspection, 47 percent (53 out of 113) of respondents disagreed that senior leaders consistently model and maintain the service's values. This was almost half of the respondents. It is a large increase from the inspection survey we carried out in 2021, when 14 percent (20 out of 145) disagreed senior leaders model service values."* We have raised a key recommendation as below.

### Key recommendation 2

The Fire Authority should:

- Develop and implement an action plan to address the five "Areas for Improvement" identified by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) November 2024 inspection report under "Promoting the right values and culture". This needs to include ensuring that Senior Officers lead by example and act as role models.
- Undertake a review of the Fire Authority's leadership and 'tone from the top' and consider whether a wider review is required of the Fire Authority's culture.

# Executive summary (continued)

## Significant weaknesses identified in governance arrangements

### Transparency of Decision making

The Fire Authority's documentation to inform decision making could be improved. There should be documented evidence of VfM considerations in decisions which lead to the Fire Authority incurring significant additional costs. From discussions with Officers, we are satisfied that VfM is considered in key decisions, however these considerations are not always documented and formally considered by Members. We have raised a key recommendation as below.

#### Key recommendation 3

The Fire Authority should ensure that key decisions are formally considered by Members of the Fire Authority. This should include documented evidence of VfM considerations in decisions which lead to the Fire Authority incurring significant additional costs. This will promote a culture of transparency throughout the Fire Authority.

### Capacity of Statutory Officers

Whilst acknowledging that there has been a complex and sensitive issue for the Fire Authority to respond to, we have experienced considerable delays in obtaining evidence to conclude our work. We believe that this supports the Fire Authority's view, that it needs to increase capacity in its Statutory Officers, to ensure they are able to respond to the increased demands on these roles, as was required during 2023/24. We have raised a key recommendation as below.

#### Key recommendation 4

The Fire Authority should ensure there is sufficient capacity at Statutory Officer level to lead the Fire Authority and respond to the increased demands on these roles.

# Executive summary (continued)



## Overall summary of our Value for Money assessment of the Authority's arrangements

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	Direction of travel
Financial sustainability	<b>G</b> No significant weaknesses in arrangements identified.	No risk of significant weakness identified.	<b>A</b> We have not raised any key recommendations. We have raised one improvement recommendation around estimating the potential financial impact of claims. We also agree with His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) that in 2023/24 there were weaknesses in arrangements for managing the capital programme. This is being addressed so we have not duplicated the HMICFRS "Areas for Improvement".	↓
Governance	<b>A</b> No significant weaknesses in arrangements identified, but one improvement recommendation made.	No risk of significant weakness identified.	<b>R</b> We have identified significant weaknesses in respect of: <ul style="list-style-type: none"> <li>Leadership and Culture</li> <li>Informed Decision making</li> <li>Capacity of Statutory Officers</li> </ul> We have made three key recommendations. <p>We agree with HMICFRS that there remains scope to further improve risk management reporting and that the Fire Authority needs to address capacity issues. We make reference to this in our key recommendation on page nine. We have raised an improvement recommendation to support the Fire Authority in developing and promoting a social media policy and one to enhance complaints and whistleblowing arrangements.</p>	↓
Improving economy, efficiency and effectiveness	<b>G</b> No significant weaknesses in arrangements identified.	No risk of significant weakness identified.	<b>R</b> We note that HMICFRS have identified that the Fire Authority has failed to respond appropriately to recommendations made in its previous report. We also note that HMICFRS has assessed the Fire Authority as "Requires improvement" in six areas and "Inadequate" in one, identifying a cause of concern. We have raised a key recommendation to support the Fire Authority in responding to these findings.	↓

**G** No significant weaknesses in arrangements identified or improvement recommendation made.

**A** No significant weaknesses in arrangements identified, but improvement recommendations made.

**R** Significant weaknesses in arrangements identified and key recommendations made.

# **Opinion on the financial statements and use of auditor's powers**



# Opinion on the financial statements



## Audit opinion on the financial statements

Our work on the Fire Authority's financial statements is complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements. The full opinion will be included in the Authority's Statement of Accounts for 2023/24, which can be obtained from the Authority's website.

### Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24, and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Findings from the audit of the financial statements

The Fire Authority provided draft accounts on 14 June 2024, two weeks after the national deadline. This short delay was communicated in advance to the audit team and allowed the Fire Authority to complete their final quality control checks of the draft financial statements. This has had no impact on the timing and delivery of our audit.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

## Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A draft version of our report was presented to the Fire Authority's Standards, Audit and Performance Committee on 11 December 2024. Requests for this Audit Findings Report should be directed to the Fire Authority.

# Use of auditor's powers

We bring the following matters to your attention:

2023/24

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.



# **Value for Money Commentary on arrangements**



# The current landscape

**It is within this context that we set out our commentary on the Authority's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.**



## National context

The Fire and Rescue sector in England remains challenged. In recent years, generationally significant levels of inflation have put pressure on revenue and capital expenditure, whilst demand for services has remained high with the sector seeing increasing demand stemming from emergencies relating to climate change. At the same time, uncertainty over funding levels following a series of single year funding settlement announcements from central government has impacted Fire and Rescue Authorities' ability to plan for the future.

In 2022, a Fire Reform White Paper was published which introduced the possibility of changes to governance arrangements in the Fire and Rescue sector. In 2023, the Minimum Authority Levels Act was introduced, which has significant implications for the workforce of Fire and Rescue Authorities.

Following a change of government in July 2024, the content and timing of future changes to government policy relating to the Fire and Rescue sector, including the potential reversal of the Minimum Authority Levels Act, are at present uncertain.



## Local context

Shropshire and Wrekin Fire and Rescue Authority is the statutory authority responsible for the fire and rescue functions of protection, prevention and response within Shropshire. Seventeen members are appointed, and their role is to represent the interests of Shropshire Council and Telford & Wrekin Council. Shropshire is England's largest inland county, covering an area of 3,487 square kilometres, and bordering Wales, Cheshire, Staffordshire, Worcestershire, Herefordshire and West Midlands. It contains numerous small towns and villages, but the population and economy are mainly centred around Shrewsbury, Telford, Oswestry, Bridgnorth and Ludlow.

The Fire and Rescue Service is directly accountable to the Fire Authority for the delivery of fire and rescue services in Shropshire. The Service employs around 610 staff in full and part time roles. There are 23 strategically located fire stations across the county.

The Fire Authority is required to publish a Community Risk Management Plan (CRMP) – this establishes how the Authority intends to meet the challenging needs and risks within the community in the short to medium term. The CRMP process is a key component in achieving the Authority's strategic priorities. It provides an overview of the ongoing risk assessment process that is conducted to ensure that the correct resources, expertise and knowledge are in place to deliver the Service's aim, Making Shropshire Safer, and provide the safest, most effective process possible.



# Financial sustainability – commentary on arrangements



## We considered how the Authority: Commentary on arrangements

## Assessment

<p>ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>For 2023/24, the Fire Authority reported an adjusted budget of £26.562m with spending of £24.149m, giving an underspend of £2.413m. When setting its budget in February 2024, for 2024/25 the Authority was forecasting a £0.221m deficit on a £28.977m budget; for 2025/26 a £0.212m surplus on a £30.477m budget and for 2026/27 a £0.086m deficit on a £31.389m budget. The Medium Term Financial Plan was updated in April 2024, with appropriate assumptions. The Fire Authority has appropriate arrangements in place to forecast financial pressures, and responds as these emerge - for example, increased executive staff costs to cover for absence and setting sums aside in the event of successful employment claims.</p> <p>We are aware that the Fire Authority has been dealing with some potential claims and has made a significant contribution to the Pensions and Other Staff Issues Reserve to mitigate the impact of future employment liabilities in 2024/25. Whilst we are satisfied that the Authority's approach is prudent, we have raised an improvement recommendation that it should estimate the financial impact of the claims and potential claims it is facing, consider the likely impact on useable reserves and ensure that this is reflected in the budget and medium-term financial plan. See page 19 for our improvement recommendation.</p>	<p><b>A</b></p>
<p>plans to bridge its funding gaps and identifies achievable savings</p>	<p>The Fire Authority has identified efficiencies and productivity improvements, as required by the Home Office, totalling £0.21m. Of this, £0.13m relates to lower debt charges as a result of underspending on capital projects. The Fire Authority has undertaken a comprehensive review to identify savings opportunities in all areas. Reporting is internal, with budgets reduced to reflect planned efficiencies where appropriate.</p>	<p><b>G</b></p>
<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Fire Authority's objectives are developed through the Community Risk Management Plan (CRMP), with four core values of Improvement, People, Diversity and Improvement. In developing the CRMP the Fire Authority has identified that it would benefit from having some specialist stations concentrating on some specific areas (for example, water rescue). Indicative figures have been included in the capital programme to support planned developments. The Authority is part of a developing project that is benchmarking costs for Fire Authorities across England. This should prove helpful in identifying new opportunities for efficiencies based on best practice elsewhere.</p>	<p><b>G</b></p>

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Financial sustainability – commentary on arrangements (continued)



We considered how the Authority: Commentary on arrangements		Assessment
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	<p>The Fire Authority's People Strategy provides a framework to support the aims and objectives of the Community Risk Management Plan (CRMP). The Strategy has seven areas setting out how this will be done, including developing leadership capacity, resourcing the service and new ways of working. An annual report sets out activity and progress in each of these areas. The Fire Authority has considered the impact of climate change on its services and determined that it would benefit from some specialist stations concentrating on specific areas, such as water based rescue.</p> <p>The Fire Authority has a capital programme which is supported by its Treasury Management Strategy, although there has been significant slippage on the capital programme in recent years. Some schemes date back to 2016/17. Whilst some delays, particularly on construction projects, are expected, the Fire Authority recognised that the delays needed addressing and has established an Operational Resources Board which is reviewing all schemes to determine the appropriate way forward and this is beginning to have an impact. The Fire Authority has an Operations Board which has a standing agenda item to review progress on resources, including capital projects. We note that the latest HMICFRS inspection report found <i>"Financial controls need to be improved so the service uses public money well. Financing arrangements for the Telford fire station redevelopment are unclear and lack transparency. The original plan was to finance the scheme predominantly using reserves. However, the construction has been beset by a series of problems, and the scheme has gone significantly over time and budget. The service will now need to borrow to finance a large element of the overall costs."</i> On page eight we have raised a key recommendation to support the Fire Authority in responding to the HMICFRS inspection report. However, as the Fire Authority appears to be addressing the issue around capital projects we have not repeated the HMICFRS recommendation. We have however assessed the criterion as Amber.</p>	A
identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The nature of the Fire Authority's income and expenditure means that it is comparatively less exposed to financial risk and this is reflected in its reporting. The <i>"Adequacy of Reserves and Robustness of Budget"</i> report to January 2024 Strategy and Resources Committee provides assurances, but focuses on the adequacy of reserves, setting out what they are, the amounts held and purpose. The Corporate Risk Register includes a risk, first raised in 2015, around reductions in government funding impacting service delivery. There is no risk reporting in financial monitoring reports. However, this is not a weakness as the main financial risks the Fire Authority faces are around government funding and pay and pension costs. Also, the Fire Authority undertook appropriate scenario planning in developing the 2024/25 budget, setting out the impact of different increases in the precept and including or not including the potential increase in pension costs following the 2020 scheme valuation for 2023/24, 2024/25 and 2025/26.</p>	G

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

# Financial sustainability (continued)



## Areas for improvement

### Estimating the potential cost of claims against the Fire Authority

Whilst the Fire Authority has reasonable reserves to meet the cost of potential employment claims these reserves can only be used once. This places the Fire Authority at increased financial risk in the event of future claims - whether they are employment related or otherwise. In order to support sound financial planning the Fire Authority should robustly assess the potential impact of any claims as soon as possible. This should include use of probability and scenario analysis.

#### Improvement recommendation 1:

The Fire Authority should estimate the financial impact of the claims and potential claims it is facing. It should consider the likely impact on useable reserves and ensure that this is reflected in the budget and medium-term financial plan.

# Governance – commentary on arrangements



We considered how the Authority: **Commentary on arrangements**

**Assessment**

monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Fire Authority has comprehensive arrangements in place to monitor risk, assess internal controls, and prevent and detect fraud. The Authority's Corporate Risk Management Report demonstrates its focus on dynamic and static risks. The Fire Authority has implemented the majority of our prior year recommendation regarding risk management, although there remains scope for further improvement in linking risks to strategic aims.

The latest HMICFRS report (November 2024) states "*Our inspection identified ineffective processes, controls and internal governance arrangements in place to manage strategic risks. For example, the corporate risk register is ineffectively managed. The register contains a range of risks that have been included for a considerable time, but they don't have suitable controls in place.*" We agree with these comments, and they echo similar ones we have made in the past. Whilst we have not repeated the HMICFRS recommendation on page eight we have raised a key recommendation to support the Fire Authority in responding the HMICFRS inspection. We have rated this criterion as "Red".

Internal audit services, provided by Worcestershire Internal Audit Shared Services (WIASS), offer assurance through thorough coverage of key risk areas, regular progress updates to the Standards, Audit and Performance Committee, and compliance with Public Sector Internal Audit Standards (PSIAS), confirmed by external assessment.

Fraud prevention is robust, with an Anti-Fraud, Bribery, and Corruption Strategy in place, supported by internal audit and senior management oversight. Fraud control measures, including participation in the National Fraud Initiative and clear procurement fraud controls, are complemented by a whistleblowing policy. Regular reporting of fraud cases to the Standards, Audit and Performance Committee ensures transparency and accountability in handling fraud risks.

The Fire Authority also has a solid complaint management system that addresses complaints regarding operational issues promptly, with most complaints resolved within the 28-day target. These complaints are used to improve internal processes, with trends monitored to enhance internal controls and performance.

R

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.



# Governance – commentary on arrangements



We considered how the Authority:

Commentary on arrangements

Assessment

approaches and carries out its annual budget setting process	The Fire Authority has appropriate arrangements in place for budget setting. The process begins with the current budget, updated for any known changes. The draft budget and underpinning assumptions (which are reasonable) is presented to Strategy and Resources Committee in November, then Full Authority. The budget is updated for changes arising from the funding settlement before further discussions with budget holders, external consultation, re-presentation to Committee and then Full Authority.	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	The Fire Authority is taking steps to further develop in-year financial reporting. Throughout 2023/24 key changes since the previous report were set out, but there is no forecast outturn. The reports provide a reasonably clear picture, highlighting any significant issues or changes. The Quarter One report for 2024/25 shows the overall position and commitments. Officers have provided more detail and realigned items in the reporting so that they sit better. For Quarter Two, Officers plan to include cash flow monitoring and forecast use of reserves. Forecasting the outturn position and highlighting variances from prior month is being developed. Officers recognise that this would be beneficial, but the existing systems make this difficult and Officers are balancing the benefit with the time taken. As this is an area that Officers are working on improving we have not made a recommendation.	G

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

# Governance – commentary on arrangements (continued)



We considered how the Authority: **Commentary on arrangements**

**Assessment**

ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

The Fire Authority has a well-structured approach to financial decision-making, supported by thorough analysis and strategic planning. The Medium-Term Financial Plan and Revenue Budget illustrate clearly defined actions such as the Service Transformation Programme and precept increases, ensuring decisions are based on well-documented scenarios and analysis. Public consultations also play a role in shaping decisions, particularly around financial planning, demonstrating a balance between internal analysis and external input.

The Standards, Audit and Performance Committee plays a key role in ensuring accountability. The Committee actively follows up on issues, ensuring that corrective actions are taken. Member turnover is low, and meeting attendance is strong, reinforcing the Committee’s ability to provide consistent oversight.

During 2023/24 and into the 2024/25 years, the Fire Authority has been dealing with some sensitive employment matters. The Chair of the Fire Authority and other Members have been involved in the decision making process. Our work has highlighted that the transparency of decision making could be improved, by ensuring that there is documented evidence of VfM considerations in decisions which lead to the Authority incurring significant additional costs. From discussions with Officers, we are satisfied that VfM is considered in key decisions, however these considerations are not always documented and formally considered by Members. This represents a significant weakness in arrangements and we have raised a key recommendation on page ten.

The November 2024 HMICFRS report states *"The service needs to do more to make sure it has the right skills and capacity to successfully manage change in the future, including in areas such as estates, information and communication technology (ICT) and project management."* Lack of capacity is consistent with our own observations at senior levels and across back office functions. The Fire Authority has also recognised that it needs to increase capacity in its Statutory Officers. Our key recommendation on page ten states that the Authority should ensure there is sufficient capacity at Statutory Officer level to lead the Fire Authority and respond to the increased demands of these roles.

**R**

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Governance – commentary on arrangements (continued)



We considered how the Authority: **Commentary on arrangements**

**Assessment**

monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.

In April 2024, a number of allegations were made against the Fire Authority and members of its leadership team. This was in regard to inappropriate WhatsApp messages being sent by senior officers. The Chief Fire Officer and an Assistant Chief Fire Officer were both subject to misconduct investigations. The Fire Authority's Personnel Panel considered the results of these investigation into the Chief Fire Officer and issued a written warning and a mandatory training requirement. The Assistant Chief Fire Officer resigned from the Authority, before the investigation had concluded. We have confirmed that the Fire Authority has followed its own processes and appropriately investigated these matters.

In view of the conclusions of the Fire Authority's Personnel Panel and information reviewed as part of our VfM audit work, we are not satisfied that the Fire Authority's leadership demonstrated appropriate behaviours and set an appropriate 'tone from the top' during 2023/24. This is further supported by HMICFRS's November 2024 inspection report. HMICFRS assess "Promoting the right values and culture" as "Inadequate". Among other findings they state "*In the staff survey carried out for this inspection, 47 percent (53 out of 113) of respondents disagreed that senior leaders consistently model and maintain the service's values. This was almost half of the respondents. It is a large increase from the inspection survey we carried out in 2021, when 14 percent (20 out of 145) disagreed senior leaders model service values.*" We have raised a key recommendation on page nine.

The investigations referred to above identified some gaps in the Fire Authority's policies and procedures in relation to the investigation of complaints and disciplinary matters. For example, ensuring the Fire Authority's disciplinary processes also refer to senior Executive Officers and ensuring that complaints can be made confidentially. Whilst steps have been taken by the Fire Authority to strengthen policies and procedures in these areas during the 2024/25 year, this does indicate there were weaknesses in arrangements during 2023/24. We have raised an improvement recommendation on page 24.

The Fire Authority has governance and procurement processes, ensuring compliance with legislative and regulatory standards. The Chief Fire Officer, Monitoring Officer, and Section 151 Officer, ensure that governance is regularly reviewed and internal controls are effectively maintained. These arrangements are further supported by comprehensive codes of conduct for members and officers. However, it is unclear whether codes of conduct include social media. Given the issue around use of WhatsApp by senior Officers, the Fire Authority should ensure this is clear and we have raised an improvement recommendation on page 24.

In terms of procurement, the Fire Authority actively monitors risks and compliance through its Contracts Register and Risk Register and closely reviews major contracts to ensure adherence to budget, performance expectations, and regulatory standards. The Fire Authority's approach to managing procurement and contracts demonstrates a strong commitment to risk mitigation and maintaining high standards in service delivery.

**R**

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Governance (continued)



## Areas for improvement

### Social media policy

The Fire Authority has been investigating a number of employment related issues, some of which are linked to inappropriate use of Whatsapp. In order to learn from this experience the Fire Authority needs to ensure that it has an appropriate policy for use of Social Media and that staff are aware of it and appropriately trained.

**Improvement recommendation 2:** In order to ensure that staff are aware of how to use social media appropriately the Fire Authority needs to have an up to date policy that is communicated to staff and to provide training on the policy.

### Policies and procedures in relation to investigation of complaints and disciplinary matters

The investigations referred to on the previous page identified some gaps in the Fire Authority's policies and procedures in relation to the investigation of complaints and disciplinary matters. . Whilst steps have been taken by the Fire Authority to strengthen policies and procedures in these areas during the 2024/25 year, this does indicate there were weaknesses in arrangements during 2023/24.

**Improvement recommendation 3:** The Fire Authority should ensure that policies and procedures in relation to the investigation of complaints and disciplinary matters are updated in line with best practice.

# Improving economy, efficiency and effectiveness – commentary on arrangements



## We considered how the Authority: Commentary on arrangements

## Assessment

uses financial and performance information to assess performance to identify areas for improvement

The Fire Authority has arrangements in place to monitor financial and operational performance through regular Corporate Performance Indicator (CPI) reports and financial reviews, supported by internal audits and committee oversight. Performance data is regularly reviewed, and corrective actions are taken when targets are not met. External assessments such as His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) reports and collaboration with other fire services help the Fire Authority identify areas for improvement. The Fire Authority is also participating in the National Fire Chiefs Council benchmarking exercise. Data quality is ensured through internal audits and performance monitoring, with the Standards, Audit and Performance Committee providing oversight on data reliability. Although a formal data quality framework is not in place, the current processes provide sufficient assurance.

The latest HMICFRS report (November 2024) states *"The service doesn't have adequate processes, controls or internal governance arrangements in place to manage strategic risks, performance and improvement plans."* HMICFRS raise a "Cause for Concern". Whilst we have not repeated the HMICFRS recommendation on page eight we have raised a key recommendation to support the Fire Authority in responding the HMICFRS inspection. We have rated this criterion as "Red".

R

evaluates the services it provides to assess performance and identify areas for improvement

The Fire Authority conducts regular reviews of its strategic priorities through audits, improvement plans, and external inspections. A national HMICFRS report published in March 2023 highlighted leadership and cultural issues within fire services, which the Fire Authority responded to by developing a comprehensive improvement plan addressing these areas and other internal priorities. Progress is monitored by senior management and committees, with regular reporting ensuring that milestones are met. The Fire Authority should consider whether, in light of the matters discussed on page nine, the HMICFRS Values and Culture Progress Reports presented to Standards and Performance Committee during 2023/24 are an accurate reflection or need further updating.

HMICFRS inspected the Fire Authority in June and July 2024, reporting publicly in November. This found the Fire Authority to be Adequate or Good in only 4/11 areas, with six "Requires improvement" and one "Inadequate". This included a "Cause for Concern" - *"The service doesn't have adequate processes, controls or internal governance arrangements in place to manage strategic risks, performance and improvement plans."* The Fire Authority has prepared an action plan in response which was presented to Members in early December 2024. This includes key milestones and success factors. The Fire Authority is also taking steps to increase its capacity. It will be important for the Fire Authority to progress the Cause for Concern action plan quickly whilst also addressing the other areas identified for improvement. Progress will need to be reported publicly to Members. We have identified a significant weakness in relation to this matter and raised a key recommendation on page eight.

R

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

# Improving economy, efficiency and effectiveness – commentary on arrangements (continued)



## We considered how the Authority: Commentary on arrangements

## Assessment

evaluates the services it provides to assess performance and identify areas for improvement (continued)	The Fire Authority evaluates its cost-effectiveness by identifying opportunities for efficiencies and considering broader values, such as social impact, environmental sustainability, and workforce development. This is evidenced by its efficiency and productivity plan and sustainability policies. The Fire Authority collaborates with external partners to enhance services and achieve financial and social objectives.	R
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Fire Authority has established strong arrangements to engage with stakeholders and partners when developing strategic priorities. Key documents, such as the Annual Report on Collaborative and Partnership Working and the People Strategy End of Year Report show effective collaborations with public and private sector partners, including workforce development initiatives. The Fire Authority's active engagement in partnership working is further demonstrated through collaborative projects such as the Integrated Fire Control Collaboration (IFCC), where progress is regularly monitored and reported. Feedback from partners is incorporated into internal discussions, ensuring that strategic priorities remain aligned and challenges are addressed promptly.	G
commissions or procures services, assessing whether it is realising the expected benefits	The Fire Authority has sound arrangements in place to monitor and manage key service contracts, ensuring that expected benefits are realised. Regular reviews are conducted through mechanisms such as the Partnership Register and Capital Update Report, and financial oversight is provided via internal audits. The Authority has recognised that monitoring of capital projects needed to improve and has strengthened arrangements. Key contracts, including collaborations such as the Fire Alliance, are closely monitored for operational effectiveness.	G

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.



**Value for Money  
Recommendations raised in  
2023/24**



# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
KR1  In order to demonstrate progress against His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) November 2024 inspection report the Fire Authority needs to develop a comprehensive action plan to address the Cause for Concern and Areas for Improvement raised. Progress on delivery should be reported publicly to Members regularly.	Key	Governance and Improving economy, efficiency and effectiveness	Review of HMICFRS inspection report.	HMICFRS have reported that they are disappointed with the slow progress against their previous report. The Fire Authority needs to ensure this is not repeated.	<b>Actions:</b> <b>Responsible Officer:</b> <b>Executive Lead:</b> <b>Due Date:</b>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Fire Authority should:</p> <ul style="list-style-type: none"> <li>Develop and implement an action plan to address the five "Areas for Improvement" identified by His Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS) November 2024 inspection report under "Promoting the right values and culture". This needs to include ensuring that Senior Officers lead by example and act as role models.</li> <li>Undertake a review of the Fire Authority's leadership and 'tone from the top' and consider whether a wider review is required of the Fire Authority's culture.</li> </ul>	Key	Governance	<p>Review of HMICFRS inspection report.</p> <p>Review of employment claim supporting evidence.</p> <p>Inappropriate use of social media by senior officers.</p>	<p>The Fire Authority needs to ensure that it creates an appropriate culture and that this is supported by behaviours expected of leaders.</p>	<p><b>Actions:</b></p> <p><b>Responsible Officer:</b></p> <p><b>Executive Lead:</b></p> <p><b>Due Date:</b></p>
<p>The Fire Authority should ensure that key decisions are formally considered by Members of the Fire Authority. This should include documented evidence of VfM considerations in decisions which lead to the Fire Authority incurring significant additional costs. This will promote a culture of transparency throughout the Fire Authority.</p>	Key	Governance	<p>Review of HMICFRS inspection report.</p> <p>Review of employment claim supporting evidence. Discussion with officers.</p>	<p>The Fire Authority needs to ensure that decisions are properly evidenced in order to demonstrate VfM and transparency.</p>	<p><b>Actions:</b></p> <p><b>Responsible Officer:</b></p> <p><b>Executive Lead:</b></p> <p><b>Due Date:</b></p>
<p>The Fire Authority should ensure there is sufficient capacity at Statutory Officer level to lead the Fire Authority and respond to the increased demands of these roles.</p>	Key	Governance	<p>Review of HMICFRS inspection report.</p> <p>Review of employment claim supporting evidence. Discussion with officers.</p>	<p>The Fire Authority needs to ensure that it has sufficient Statutory Officer capacity.</p>	<p><b>Actions:</b></p> <p><b>Responsible Officer:</b></p> <p><b>Executive Lead:</b></p> <p><b>Due Date:</b></p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 The Fire Authority should estimate the financial impact of the claims and potential claims it is facing. It should consider the likely impact on useable reserves and ensure that this is reflected in the budget and medium-term financial plan.	Improvement	Financial Sustainability	Discussions with Officers and review of employment claim related papers.	Enhanced financial planning will support the Fire Authority in determining whether claims are affordable or whether additional savings are needed to help to finance them.	<b>Actions:</b> <b>Responsible Officer:</b> <b>Executive Lead:</b> <b>Due Date:</b>
IR2 In order to ensure that staff are aware of how to use social media appropriately the Fire Authority needs to have an up to date policy that is communicated to staff and to provide training on the policy.	Improvement	Governance	We have been unable to find a use of social media policy. If there is a policy there is scope for it be promoted so that it is adhered to.	The Fire Authority needs to ensure that it avoids adverse impacts through inappropriate use of social media by Officers.	<b>Actions:</b> <b>Responsible Officer:</b> <b>Executive Lead:</b> <b>Due Date:</b>
IR3 The Fire Authority should ensure that policies and procedures in relation to the investigation of complaints and disciplinary matters are updated in line with best practice.	Improvement	Governance	Discussions with Officers and review of employment claim related papers.	The Fire Authority recognises the need to ensure policies and procedures are updated in line with best practice.	<b>Actions:</b> <b>Responsible Officer:</b> <b>Executive Lead:</b> <b>Due Date:</b>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendices

# Appendix A:

## Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.





# Appendix B:

## Value for Money Auditor responsibilities



### Value for Money arrangements work

All Fire & Rescue Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body's responsibilities are set out in Appendix A.

Fire & Rescue Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

#### Financial Sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

#### Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.

#### Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for Authority users.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

### Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Authority's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

### Information which informs our risk assessment

Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

### Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

### Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Authority's auditors as follows:

- Statutory recommendations – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and are required to be considered by the body and responded to publicly.
- Key recommendations – actions which should be taken by the Authority where significant weaknesses are identified within arrangements.
- Improvement recommendations – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Authority's arrangements.

# Appendix C:

## Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
<p>The Fire Authority should further enhance its risk management arrangements by:</p> <p>1) Linking corporate risks to strategic aims.</p> <p>2) Ensuring that only appropriate risks are included on the corporate register - for example those which will have an impact on achievement of strategic aims and are scored as such (we would not expect to see risks scored as 1 or 2 reported).</p> <p>3) Ensuring that, while focus remains on risks which have changed, other risks are also reported to ensure that Members remain sighted on them and can instigate action where there is no movement over a longer period of time.</p>	Improvement	October 2023	<p>The July 2024 Corporate Risk Management Report includes both dynamic and static risks, which aligns with recommendation 3. Recommendation 2 was also implemented as low-level risks were excluded, and only higher-risk ratings were reported. However, recommendation 1 does not appear to have been followed, as there is no clear evidence that strategic aims were linked to the corporate risks. This could be improved to ensure a stronger focus on managing appropriate risks. As linking risks to strategic aims is best practice, rather than a weakness, and the Fire Authority has chosen not to action this, we have closed the recommendation.</p> <p>However, HMICFRS reported the findings from their most recent inspection, raising a “Cause for Concern “ in November 2024. HMICFRS highlighted the need for further improvement in risk management arrangements. We have raised a key recommendation concerning the HMICFRS report on page eight.</p>	In part	Please see our key recommendation on page eight.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

