

Annual Audit and Inspection Letter

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Annual Audit and Inspection Letter

Shropshire and Wrekin Fire and Rescue Authority

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Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Authority, drawing on the findings and conclusions from the audit of the Authority. The letter includes our review of how well the Authority has progressed (our Direction of Travel report), a service assessment and the auditor's assessment of how well the Authority has managed its finances (the Use of Resources scores).
- 2 The report is addressed to the Shropshire and Wrekin Fire and Rescue Authority (SWFRA), in particular it has been written for members of the Authority, but is available as a public document for stakeholders, including members of the community served by the Authority.
- 3 The main messages for the Authority included in this report are:
 - SWFRA is improving well, is meeting minimum requirements for securing continuous improvement and has made good progress in delivering its priorities. For example, performance is better and improving in the numbers of primary, accidental dwelling and deliberate fires and calls to false alarms and the retained service has been strengthened, reducing risk in rural communities. The Authority is well positioned to make further improvements with strengthened corporate and financial planning across shared priorities and improved financial capacity. There are no significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained.
 - The Authority is performing well in all areas of service delivery and particularly strongly in operational preparedness. It has an effective risk management policy, and uses data to target community safety activity and ensure that the appropriate response to incidents. In addition, there is local political support, and a clear focus on future service improvements.
 - SWFRA has sound and strategic financial management which ensures that resources are available to support the Authority's priorities and improve services. The Authority is financially sound and has consistently maintained overall spending within budget. Arrangements are in place for monitoring performance against budget and taking corrective action where appropriate.
 - A summary statement of accounts was prepared for the first time in 2006 and made available on the website. It includes descriptors and explanations in plain language that are clearly understandable to the public.
 - Roles of member champions for Business Risk Management and Audit and Procurement and Asset Management have been introduced.
 - A review of the Authority's Assurance Framework has been undertaken and recommendations for change have been approved by Policy Group. An Audit and Performance Management Committee has been formed with terms of reference that comply with CIPFA guidance.

Action needed by the Authority

- 4 We recommend that the following actions are taken by SWFRA to drive further improvement and ensure performance continues to be managed effectively:
 - Monitor and demonstrate the effectiveness of the member champions for Business Risk Management and Audit and Procurement and Asset Management.
 - The Audit and Performance Management Committee should be able to demonstrate that it provides effective challenge across the authority and independent assurance on the risk management framework.
 - Formal post implementation reviews of completed capital projects should be undertaken to aid learning for the future.
 - Procurement policy documents should be displayed on the Authority's website.

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How is Shropshire and Wrekin Fire and Rescue Authority performing?

- 5 SWFRA was assessed as Good in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. It assessed authorities on their corporate management, their achievements, community fire safety and how they planned to respond to incidents through their Integrated Risk Management Plan (IRMP). It did not consider tactical management of emergency response. The following chart shows the latest position across all Authorities.

Figure 1 Overall performance of authorities in CPA

[The publishing team will add the relevant chart]

The improvement since last year - our Direction of Travel report

- 6 The FRA has scored 3 in this assessment. It is improving well and is meeting minimum requirements for securing continuous improvement
- 7 SWFRA has made good progress in delivering its priorities. Performance is better and improving in the numbers of primary, accidental dwelling and deliberate fires and calls to false alarms. The retained service has been strengthened, reducing risk in rural communities. The FRA is making an effective contribution to wider community outcomes and is improving access to services and its approach to equality and diversity. Water and road safety are key areas of focus. It is responsive to the needs of the communities it serves, through improved partnership working at a county level, its commitment to LAA and CDRP. Value for money is good and improving. Efficiency targets have been exceeded and sickness levels have improved from 12 to 8 days. The benchmarking of both costs and service performance is in place. There is a clear commitment to the RMB and other partners to increase capacity, gain resources and better deliver organisational objectives. The FRA is well positioned to make further improvements with strengthened corporate and financial planning across shared priorities and improved financial capacity.

What evidence is there of the FRA improving outcomes?

- 8 The FRA is performing well across its priority areas and in relation to national framework targets. It is consistently one of the best performing authorities across a range of areas, such as the numbers of injuries, deaths, calls to false alarms and malicious fires. In the last two years it has improved outcomes in four out of the seven areas used for the service assessment score. Its longer term trends show a much stronger picture of improvement. However, due to the FRA's comparatively small population one tragic accident involving a whole family has had a disproportionate impact on its performance results with the number of injuries levelling off. It has proactively established its own response and resilience standards which include responding to road traffic collisions to rescue people trapped in their own vehicles. The FRA is focussing on its key local priority to improve outcomes for the rural population of Shropshire. Through the integrated risk management plan (IRMP), it is clear that some rural areas are at a higher risk than residential areas and the FRA has invested an additional £824,000 to bolster the retained service. It is actively involved in home fire risk assessments in rural communities reducing risk in areas which were previously hard to reach. They have now carried out almost 20,000 Home Fire Safety Checks (HFSCs). This has significantly reduced the risk of fire to rural Shropshire. There is a track record of improvement in user satisfaction illustrated through 'After the Incident' surveys.
- 9 The service is addressing national and locally identified priorities. This includes water safety where different levels of response have been agreed and training has taken place at all stations. More than 30 people have been rescued from the river in the last two years. An increasing contribution is being made to road safety such as providing walk to school training for the under7s and cycling proficiency training targeted in rural areas. A major project which will contribute to the reduction of road traffic collisions in the county is the remodelling of one of Shropshire's three wholetime stations into a learning and development centre for road safety. This project is progressing and currently out to tender. The FRA is proactively supporting the Shropshire Ambulance First Emergency Responder Scheme through the provision of vehicles and supporting retained firefighter's active involvement in the scheme.
- 10 Wider community outcomes are also being delivered through youth engagement projects aimed at all ages and risk groups. In schools, for example, education on fire, general home safety, water safety, road safety is provided at key stages 2, 3 and 4, whilst, young driver campaigns are targeted at sixth form colleges. Referrals from youth justice and arson task force have resulted in a 36 per cent reduction of deliberately set vehicle fires since 2001. Hotspot beat areas are identified through liaising with the police in places to improve anti-social behaviour and reduce nuisance fires. One such initiative has successfully reduced arson in Albrighton by 100 per cent.

- 11 The FRA is targeting community safety. It is responding to the needs of older people through initiatives such as 'Keep warm Keep well' which aims to reduce deaths due to the cold and improve safety through fitting of door chains. As a result, more people claimed pension credits against the rising cost of rising fuel. A lead role has been taken by the FRA on community safety days in the county which have been successful in bringing together many diverse partners such as Help the Aged who performed 1,000 HFSCs. This has recently evolved into seasonal themes for community safety 'in the winter driving on the ice'. Also, the delivery of community fire safety has more penetration as external agencies such as Age Concern are involved. The outcomes of initiatives are evaluated through the LAA and CDRP showing improved safety in the county of Shropshire.
- 12 The FRA is helping improve access and the quality of service for vulnerable people through effective knowledge sharing amongst partners. For instance, immigrant groups are targeted to ensure that home fire safety advice and many other needs are met. Translation services are also available in many languages, with some provided on line. An informative web-site allows access to all the FRA's policies and provides useful fire prevention advice and help.
- 13 Good value for money is being achieved. The service is achieving high levels of performance despite running at a lower than average cost of the previous three years. Budgets are closely monitored and managed and efficiencies delivered. In 2005/06, £264,000 of efficiencies had been positively identified against an estimate of £243,000. Efficiency gains on crewing aerial appliances have been reinvested on the retained service to fund retained support officers which has resulted in pumps at retained stations being available for fire response more than in the past and a better work life balance for retained crews as cover has been increased. External funding is actively sought to target improvement priorities, for example in the exchange program with Falck, the private Danish Fire Service which has resulted in an exchange of ideas and new approaches to aspects of the service. Comprehensive cost and operational benchmarking of the service taking account of external factors such as sparsity and types of FRAs has improved Shropshire's understanding of its own service and helped it identify areas to improve value for money.

How much progress is being made to implement improvement plans to sustain future improvement?

- 14 The FRA has robust plans for improving. Key plans are SMART; integrated with each other; cover the medium to long term; and support the vision and aims of the authority. All weaknesses identified in CPA 2005 have been addressed through clear prioritisation and detailed planning. However, in achieving this it was recognised that a silo mentality had started to emerge in its approach to some aspects of the service and so strategic planning has been restructured to remove these and shared priorities established.
- 15 IRMP plans are clearly communicated both internally to staff by authority members and externally to the public and to partners. The main development for 2007/08 is the transfer of some wholtime cover from the centre to the outskirts of Telford. This reduces the level of risk for residents of South Telford.

- 16 Both officer and political leadership of the FRA is effectively engaged with staff at all levels which ensures that the organisation is able to respond to change. This inclusive approach is enabling a smooth change in the status of the south Telford station, Tweedale from retained to wholetime. Staff, members and officers are made fully aware of progress. The retained service review has been wide-ranging, comprehensive and thorough. As a result, recruitment levels of retained firefighters have improved, community safety is better promoted in high risk rural areas and fire cover has improved.
- 17 The FRA has improved its capacity to deliver its plans. The FRA has been restructured so that it is more reflective of community needs and investment has been made in the senior management team to ensure it is high performing. Member development and involvement has been recognised as notable practice and members have taken part in each of the 50 IRMP consultation events with member champions recently established across key areas. Scrutiny has improved through a new audit and performance committee although the full impact and benefit of this has yet to be experienced. Workforce planning is sound. Regional working is delivering efficiencies and improvement in training and development. Diversity and equality is at level 2, currently awaiting accreditation to level 3 having improved from 79 per cent to 89 per cent on the duty to promote race equality in the last two years. It is also improving the representation of minority ethnic groups and women in senior posts. The FRA recognises that the overall representation of female firefighters is below average and has responded with positive action which has resulted in there being one female among the eight wholetime firefighters recruited this year. Its focus on sickness absence has resulted in a reduction of 12.4 shifts in 2004/05 to 8.5 in 2005/06 for wholetime firefighters FRA is now well placed to deliver priorities.
- 18 The FRA has improved its capacity to handle its own finances. The medium term financial plan is robust and clearly linked to priorities. It is linked with service plans and the people strategy which is aligned to regional and national strategies. Financial capacity is improving through the redirection of grant to rural brigades through the new formula. The increased funding was pegged at 4 per cent this year as it is being introduced gradually, Finance and service planning is now fully integrated.
- 19 The FRA is working well with partners and the Regional Management Board (RMB) to improve its capacity. Partnership working has been strengthened since CPA 2005. Shropshire play a pivotal role at the RMB providing the programme office to ensure that work streams are well structured and provide a web-site which enables all users to track the status and progress of projects. Members are involved in various work streams and officer involvement in RMB work streams is determined according to expertise spread across all 5 FRAs. Good progress has been made at a strategic level in the county resulting in cross-sector work taking place to deliver outcomes for children and young people and the most vulnerable, disadvantaged or potentially excluded groups. A fundamental restructure of approach to managing partnerships to ensure they are aligned with strategic aims and shared priorities has been undertaken. Cost effectiveness and measurable outcomes which are central to the evaluation has been undertaken in key partnerships but has yet to become widespread.

- 20 There are no significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained. Business risk management has now been embedded following CPA 2005.

Service assessment

- 21 The Commission has undertaken a fire and rescue service assessment of the Authority. The assessment focused on service delivery and looked at the effectiveness of the service as experienced by recipients of the service. The assessment was constructed from two elements:
- the performance information element (an analysis of outcome focused best value performance indicators selected from those nationally available to assess the outcome of the services delivered by the authority); and
 - the operational assessment of service delivery element (provided to the Commission by the Department of Communities and Local Government (DCLG))
- 22 The assessments for SWFRA are provided in Figure 2 below.

Figure 2 Fire and rescue service assessment

Element	Assessment
Performance indicator	4 out of 4
Operational assessment of service delivery	3 out of 4
Overall fire and rescue service assessment	4 - Performing strongly – well above minimum requirements

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- 23 DCLG's operational assessment of service delivery assessed the planning and delivery of emergency response. The following text is provided by DCLG as part of their assessment of SWFR Authority.

- 24 Shropshire Fire and Rescue Service is performing well in all areas of service delivery and particularly strongly in operational preparedness. It has an effective risk management policy, and uses data to target community safety activity and ensure that the appropriate response to incidents. The Service is progressing a wide range of community safety initiatives with partners, and has set challenging targets for improvement. It has made significant investment in the retained service budget and this has seen tangible improvements in support and delivery arrangements for retained duty system staff. This has also led to increases in community safety and training activity. Call management arrangements are good with effective use of information and communication technology. Senior managers are committed to Government's priorities, and are delivering an effective and efficient service. Overall the Service is performing well with strong local political support, and a clear focus on future service improvements.

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Financial management and value for money

- 25 As your appointed auditor I have reported separately to the Audit and Performance Management Committee on the issues arising from our 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 26 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial Reporting (including the preparation of the accounts of the Authority and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support Authority priorities).
 - Financial Standing (including the strength of the Authority's financial position).
 - Internal Control (including how effectively the Authority maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Authority balances the costs and quality of its services).
- 27 For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1=lowest, 4=highest)

28 The key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows:

- The Authority's accounts are compiled in accordance with statutory and professional reporting standards and are approved and published in accordance with statutory requirements. The quality of supporting working papers continues to be of a high standard.
- A summary statement of accounts was prepared for the first time in 2006 and made available on the website. It includes descriptors and explanations in plain language that are clearly understandable to the public.
- The Authority's performance plan is linked to its departmental business plans and financial planning and management.
- An asset management strategy and fixed asset management plans are in place and the role of member champion for Procurement and Asset Management has been introduced. The benefits and effectiveness of the member champion should be monitored.
- The Authority is financially sound and has consistently maintained overall spending within budget. Arrangements are in place for monitoring performance against budget and taking corrective action where appropriate.
- The Authority had to develop a policy on reserves and provisions when it became self precepting in 2004. This development took place during a period of real budget pressure, notably from the threat of capping.
- The Authority's risk management process follows best practice and identifies corporate and operational risks, assesses the risks for likelihood and impact; identify mitigating controls and allocates responsibility for the mitigating controls. In addition, the role of a member champion for Business Risk Management and Audit has been introduced. The benefits and effectiveness of this role should be monitored.
- A review of the Authority's Assurance Framework has been completed and recommendations for change have been approved by Policy Group. An Audit and Performance Management Committee has been formed with terms of reference that comply with CIPFA guidance. This committee should be able to demonstrate that it provides effective challenge across the authority and independent assurance on the risk management framework.
- The authority has undertaken an assessment of standards of conduct, including how effectively members are complying with the code of conduct, the number and types of complaints received and take action as appropriate.
- The Authority's costs compare well with other Fire and Rescue Authorities and the service's performance is top quartile for a significant majority of national best value performance indicators. When taking account of local priorities and factors such as a comprehensive retained firefighter service and sparsity, there are no significant areas where costs and performance are not in line. However, formal post implementation reviews of completed capital projects should be undertaken to aid learning for the future

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- The Authority has a robust strategy of achieving efficiencies and is on course to achieve and exceed its share of the disaggregated national target set. User impact is assessed in relation to key spending decisions through the Integrated Risk Management Plan Members group which is tasked to ensure that local needs are catered for as part of the risk reduction process. Procurement decisions made by the service are based on a valid business case which considers various factors such as service performance, community benefit and equity and staff benefit in addition to cost comparison. Policy procurement documents should be displayed on the Authority's website to ensure they are more widely accessible.

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Conclusion

- 29 This letter has been discussed and agreed with the Chief Fire Officer and the Treasurer. A copy of the letter will be presented at the Audit and Performance Management Committee on 29 March 2007.
- 30 The Authority has taken a positive and constructive approach to our audit and inspection and I would like to take this opportunity to express my appreciation for the Authority's assistance and co-operation.

Availability of this letter

- 31 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Authority's website.

Name Tony Corcoran
Relationship Manager

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