

Annual Audit and Inspection Letter

Shropshire and Wrekin Fire Authority

Audit 2007/08

March 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

- 1 This report provides a summary of the Audit Commission's assessment of the Authority in 2007/08. The main messages are as follows.
- 2 The main headlines, which are described in more detail in the body of the report are that SWFRA:
 - achieved an 'improving strongly' judgement as part of the Commission's final annual Direction of Travel assessment. Outcomes have improved in most priority areas and performance is improving faster than elsewhere in the numbers of accidental dwelling fires and injuries;
 - maintained its score of three under the Use of Resources Assessment, which examines the Authority's financial management and its arrangements for achieving value for money;
 - maintained a score of 4 ie performing strongly for the overall fire and rescue service assessment; and
 - received an unqualified audit opinion on the financial statements, and an unqualified value for money conclusion

Action needed by the Authority

- 3 The Authority should maintain focus on improvement priorities to ensure continued delivery of improved outcomes across all priority areas. SWFRA is well positioned to do this as it has strengthened corporate and financial planning across improvement priorities and improved financial capacity.

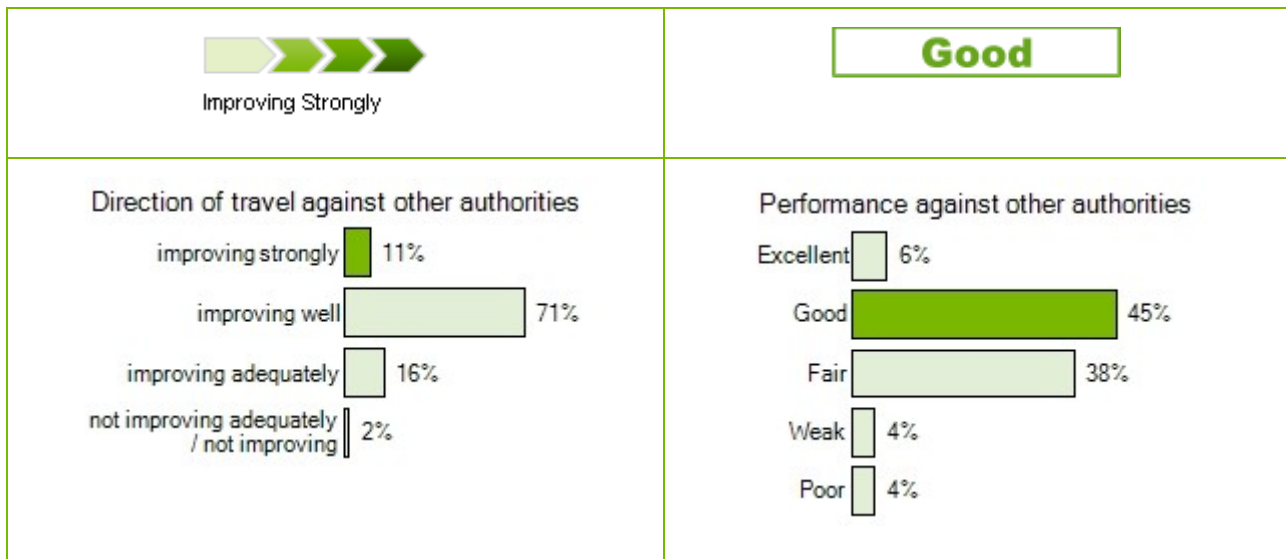
Purpose, responsibilities and scope

- 4 This report provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the most recent Comprehensive Performance Assessment (CPA) and Direction of Travel review and from the findings and conclusions from the audit of the Authority for 2007/08.
- 5 We have addressed this letter to members as it is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money.
- 6 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. In addition the Authority is planning to publish it on its website.
- 7 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
 - the Authority's accounts;
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Authority's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 8 This letter includes the latest assessment on the Authority's performance under the CPA framework, including our Direction of Travel report. It summarises the key issues arising from the CPA.
- 9 We have listed the reports issued to the Authority relating to 2007/08 audit and inspection work at the end of this letter.

How is Shropshire and Wrekin Fire and Rescue Authority performing?

10 The Audit Commission’s overall judgement is that Shropshire and Wrekin Fire and Rescue Authority is improving strongly and Shropshire and Wrekin Fire and Rescue Authority was assessed as Good in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. The latter 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. We are now updating these assessments, through an updated corporate assessment, in authorities where there is evidence of change.

Figure 1 Overall performance of authorities in CPA



Percentage figures may not add up to 100 per cent due to roundings

Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 11** SWFRA has made strong progress in delivering its priorities. Performance is improving faster than others in the numbers of accidental dwelling fires and injuries. Hoax calls and false alarms have dropped sharply. The high level of prevention activity continues to significantly reduce risk in rural communities. The level of arson shows sustained improvement. 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. Value for money is good and improving and the service has exceeded its efficiency targets. There is a clear commitment to the regional management board and other partners to increase capacity, gain resources and better deliver organisational objectives. The service is well positioned to make further improvements with strengthened corporate and financial planning across improvement priorities and improved financial capacity.
- 12** What evidence is there of the Fire and Rescue Authority (FRA) improving outcomes?
- 13** The FRA is performing well across its priority areas and on national framework targets. In the last year, it has significantly improved outcomes for local people through decreases in accidental dwelling fires and injuries. Although there were three deaths in the year to March 2008, there have been none in the last six months. When adjusted for deprivation, accidental dwelling fires reduced by 15 per cent and injuries by 56 per cent. The proportions of fires confined to room of origin also improved significantly from 91.6 per cent to 94.7 per cent, together placing the FRA in the top 25 per cent of FRAs. The trend of a high proportion of fires being out on arrival continues with an average of 60 per cent this year. This clearly shows the impact of the high volume of community safety activity. In 2007/08, retained firefighters completed 25,517 home fire safety visits (HFSCs) and fitted 11,381 smoke detectors which is a slight decrease on last year but resulted from covering a sparser area. Fires in non-domestic properties have also reduced faster than the rate of others, showing a decrease of 12.2 per cent. Risk continues to be lowered significantly for residents and businesses in Shropshire.
- 14** The FRA continues to become more effective in tackling false alarms. The number of attendances to automatic fire alarms in non-domestic properties has reduced by 10 per cent and the number of malicious false alarms attended by 24 per cent. The rate of improvement is faster than other top performing FRAs.
- 15** Performance in tackling arson also shows improvement. The level of deliberate primary fires excluding vehicles has reduced significantly at 16 per cent with a slightly slower rate for those in vehicles of 9 per cent. However, the picture in deliberate secondary fires is not clear as improvements in data recording have resulted in a four-fold increase for those anti-social behaviour fires not in vehicles, but performance is still above the national average and the level of incidences show a 25 per cent improvement in the last six months. The FRA is showing a sustained level of improvement in reducing arson.

How is Shropshire and Wrekin Fire and Rescue Authority performing?

- 16** The service continues to address national and locally identified priorities. Flooding and water rescue has been strengthened with locally set response standards and £50k of training to develop improved systems of response. Road safety remains a key area of activity. The FRA's outreach vehicle has a published programme of events, up to 17 a month, which have 50 per cent of its time dedicated to improving road safety. SFRS have also successfully represented the 'end-user' interests of the UK's fire and rescue services in a European Commission project to improve the effectiveness of disaster and emergency operations. Environmental outcomes are improving. This year it has met the tough standards for environmental management for all of its activities under the international environmental standard ISO 14001.
- 17** Wider community outcomes are growing, through youth engagement projects aimed at all ages and risk groups. The continuing programme in schools, of education on general home safety, water safety, road safety at key stages 2, 3 and 4, are being further embedded through the work of local fire stations in adopting schools. The FRA makes a key contribution to the healthy ageing of people in Shropshire. Productive relationships exist with Age Concern, the Red Cross, the Short Term Assessment and Renablement Team (START) and New Initiative Care Providers. Other agencies make regular referrals such as mental health teams, energy efficiency team, district nurses and 'Help to Quit'. Other areas of contributions to the health agenda include their involvement in Shropshire's new alcohol strategy. The FRA also contributes to supporting the sustainability of new businesses. Improvements in data management have increased coverage of the Fire Safety Order from 4,000 to 17,000 properties. An element of this is to assess business and organisation skills. This aids the success of the economy. Outcomes are evaluated to ensure a real difference is made to the people of Shropshire.
- 18** The FRA is continuing to improve access and the quality of service for vulnerable people. The website receives over 800,000 hits per annum and offers access to translation facilities. The 'people at risk' group has four members specialising with youth, the elderly, disabled and vulnerable people from the BME community. Equality impact assessments (EIA) of home fire safety activity has identified the potential to improve access around developing Memorandums of Understanding to secure the free exchange of information with those agencies having access and influence with those most at risk from fire. This forms part of activities around the delivery of the National Indicator 49 which the FRA successfully negotiated into the Shropshire County LAA.
- 19** Performance in diversity and equality is improving. The FRA has now achieved Level 3 of the Local Government Equality Standard. Strengths included the quality of equality impact assessments (EIA). The FRA is now preparing for Level 4 which monitors the impact of actions taken following EIAs. The actions and outcomes around communities have been linked into the business planning process and the FRA has a three year plan. Following up from last year's cultural audit three externally facilitated discussion groups were held with staff which provide clear actions to improve the culture. The representation of minority ethnic groups and women in senior posts remains static, along with that of female firefighters. However, the proportion of disabled staff in senior posts and the service as a whole has significantly improved. The FRA's understanding of equality and diversity has been significantly deepened as a result of the work in preparing for the Level 3 assessment.

How is Shropshire and Wrekin Fire and Rescue Authority performing?

- 20** 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 2007/08, £252k of cashable efficiencies had been identified by the FRA and it remains above the nationally disaggregated milestone efficiencies anticipated to have been achieved by the end of 2007/08. External funding has again enabled 38 staff to experience exchanges with 10 other countries in the EU. Comprehensive cost and operational benchmarking of the service ensures understanding and helps identify areas to improve value for money.

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

- 21** The FRA has robust plans for improving. Key plans are SMART; integrated with each other and support the vision and aims of the authority. A new Corporate Plan has been produced in poster form which is more accessible to frontline staff. This helps planning at station level with clear local priorities in place to underpin service wide improvement priorities IRMP plans are clearly communicated both internally to staff by authority members and externally to the public and partners. Performance management is strengthening through more responsive information systems such as TRACK to monitor and evaluate project delivery and PBViews to monitor outcomes locally. This FRA is well placed to sustain its levels of improvement
- 22** Both the officer and political leadership of the FRA continues to be effectively engaged with staff at all levels ensuring the organisation is able to respond to change. The retained service review identified as notable practice continues to deliver significant outcomes with appliance availability now at over 98 per cent. Retained firefighters have the same access to training as whole-time firefighters. For instance a local school benefited from the NVQ Team-Leaders qualification gained by a staff member who is a member of the retained service. The FRA has a committed local resource which is significantly reducing the risks for people living in rural areas.
- 23** The FRA has improved its capacity to deliver its plans. Elected members continue to show strong commitment through their contribution at all 50 of the service's annual IRMP consultation events. The member champion roles provide key contacts in the community. Workforce planning is being improved through the better integration of HR management information systems. Regional working continues to deliver efficiencies through specialists being shared and effective delivery of training and development. The FRA focus on sickness absence has resulted in significant improvements with a decrease from 9.8 shifts in 2006/07 to 5.7 in 2007/08 for wholetime firefighters and similar decrease for all staff from 10.5 days in 2006/07 to 6.1 days in 2007/08. In both cases, the FRA has moved from the worst 25 per cent of authorities to the best. The FRA is well placed to deliver priorities.

How is Shropshire and Wrekin Fire and Rescue Authority performing?

- 24** The FRA plans effectively for any changes needed following changes in the economic climate. They have carried out a review of potential savings that may need to be made and risk assessed the impact of each option. 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 with an increased grant settlement of 6.6 per cent in 2008/09. Although, finance and service planning is fully integrated, more could be done to benchmark cost against performance improvement.
- 25** The FRA is working well with partners such as the Regional Management Board (RMB) and within the local Area Agreement to improve its capacity. Shropshire continue to 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 have been involved in various work streams. All of the seven thematic projects have now been completed. National Framework 2008 to 2011 has translated into five threads for future activity. The effectiveness of the RMB has been formally reviewed using the partnership assessment tool issued by DCLG for strategic partnerships. The majority (79 per cent) of respondents completing questionnaires agreed that the RMB had achieved its aims and objectives. The FRA continues to benefit from significant influence at a strategic level in the county, chairing the Safer and Stronger partnerships and Rural Access to Services in both unitary and county. As mentioned above one outcome from this is the inclusion of NI49 in the Shropshire County LAA. It is also involved closely in the Telford and Wrekin LAA. Partnerships continue to be well managed with cost-effectiveness and measurable outcomes now central to evaluating all partnerships. TRACK is being used to set up an improved partnership register from the original Excel spreadsheet. This includes owner assessment, with qualitative and quantitative change measured as a key element of performance management. This contributes to the effective and efficient management of improving outcomes for local people.

Service assessment

- 26** 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).
 - The operational assessment of service delivery element (provided to the Commission by the Department of Communities and Local Government (DCLG)).
- 27** The assessments for SWFRA are provided in Table 1.

Table 1

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

Source: Audit Commission

- 28** DCLG's 2006 operational assessment of service delivery assessed the planning and delivery of emergency response. The following text was provided by DCLG as part of their assessment of Shropshire and Wrekin Fire and Rescue Authority.
- 29** 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.

The audit of the accounts and value for money

- 30** Your appointed auditor has reported separately to the Audit and Performance Management Committee in the Annual Governance Report 2007/08 on the issues arising from the audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and an unqualified conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan 2007/08 confirming that the Plan has been audited.

Use of Resources

- 31** 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).
- 32** For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas as outlined in Table 2.

Table 2

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)

33 Our use of resources work concluded that the Authority was performing well across all areas of the assessment. The key issues arising from the audit, as reflected in the above judgement are as follows.

Financial reporting

34 Financial reporting has been further improved by the preparation of a separate Annual Report that includes summary accounts and an explanation of key financial information and also a Statement of Environmental footprint. The Annual Report has been made available in electronic form on a CD. A further improvement would be an enhancement of the annual report so that it clearly covers financial, operational and environmental performance and shows the relationship between them.

Financial management

35 The Authority's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities. The Authority has a robust and embedded process of budget-setting and a three-year Medium Term Financial Plan, which integrates well with strategic and operational planning. An extensive contingency planning exercise was carried out during 2007/08 and the outcomes included in the MTFP 2008 to 2012, published in June 2008.

36 Financial management is enhanced by the Authority's continued participation in a Partnership Group which monitors and controls financial and governance issues relating to all of the partnerships into which the Authority has entered to ensure the ongoing development of its services through joint working.

37 A further enhancement would be the refinement of the financial performance reporting process by providing members with accrued financial monitoring reports supported by estimates of significant balances during the year.

The audit of the accounts and value for money

Financial standing

- 38 The Authority is financially sound and continues to maintain overall spending within budget. Current spending plans match available resources. The 'Prudential Guidelines' arrangements have been in place for three years, targets have been set on Prudential Indicators and a quarterly report is presented to the Authority.
- 39 The policy on reserves and balances was further developed during 2007/08 and aims to ensure to ensure that the Capital Reserve is maximised so as to minimise the Prudential Borrowing peaks anticipated in 2009/10 and 2010/11.
- 40 The Authority is well placed to continue to develop a suite of challenging financial health indicators.

Internal Control

- 41 A strong risk management culture and appropriate support arrangements are embedded. The Authority is now able to demonstrate the benefits received from the member champion for Business Risk Management and Audit, a role introduced in 2006/07.
- 42 Members of the Standards Committee participated in a local pilot scheme conducted by the Standards Board for England reviewing a number of cases of complaints. Following the successful completion of the exercise, the Authority has reviewed and amended its procedures for local determinations, investigations and hearings to take into account best practice from other authorities.
- 43 Improvement opportunities include demonstrating that the Authority considers the opportunity side of risk management in the successful delivery of major innovative and challenging projects and obtaining assurance on a risk basis of the viability of its significant contractors'/partners' business continuity plans.

Value for Money

- 44 The Authority is achieving good value for money overall. In the year 2007/08 its costs were about average and a good proportion of the significant value for money indicators were in the top quartile.
- 45 There is a good and developing culture of value for money which is underpinned by a detailed value for money strategy and an IRMP process which focuses on improving performance and keeping down cost. There is a robust culture of partnership working with strong monitoring which is helping the Authority achieve improved outcomes at minimum extra cost.
- 46 Whilst both performance management and budget monitoring are strong, these two elements of value for money are not brought together sufficiently to enable accurate assessments to be made of the cost of performance and improvement. Diversity and equality has a strong focus at the Authority, but, as with cost, the linkages between diversity and performance are not fully developed.

Looking ahead

- 47** The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 48** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 49** The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 50** This letter has been discussed and agreed with officers. A copy of the letter will be presented to the full Authority on 29 April 2009. Copies need to be provided to all Authority members.
- 51** Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Annual audit and inspection letter	April 2009

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- 52** The Authority has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Authority's staff for their support and cooperation during the audit.

Availability of this letter

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

John Cotterill
Comprehensive Area Assessment Lead

Date March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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