

Annual Audit and Inspection Letter

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# **Annual Audit and Inspection Letter**

**Shropshire & 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 Authority, 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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## Key messages

- 1 The Authority has made strong progress in delivering its priorities. Performance is better and improving faster than others in the numbers of accidental dwelling fires, deaths and injuries, it is making an effective contribution to wider community outcomes and is improving access to services and its approach to equality and diversity.
- 2 Performance in relation to value for money is good and the service has exceeded its efficiency targets. Challenging targets aimed at stretching the organisation both in terms of national requirements and local influence are set.
- 3 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.
- 4 An unqualified opinion was given on your accounts and on the VFM conclusion.

## Action needed by the Authority

- 5 The Authority should ensure that:
  - Departmental action plans are achieved to enable the improvement in diversity and equality to continue
  - The full impact and benefits of the Member Champions for Business Risk Management and Audit and Procurement and Asset Management can be demonstrated
  - Close working relationships are maintained with the RMB and other partner organisations.

## Purpose, responsibilities and scope

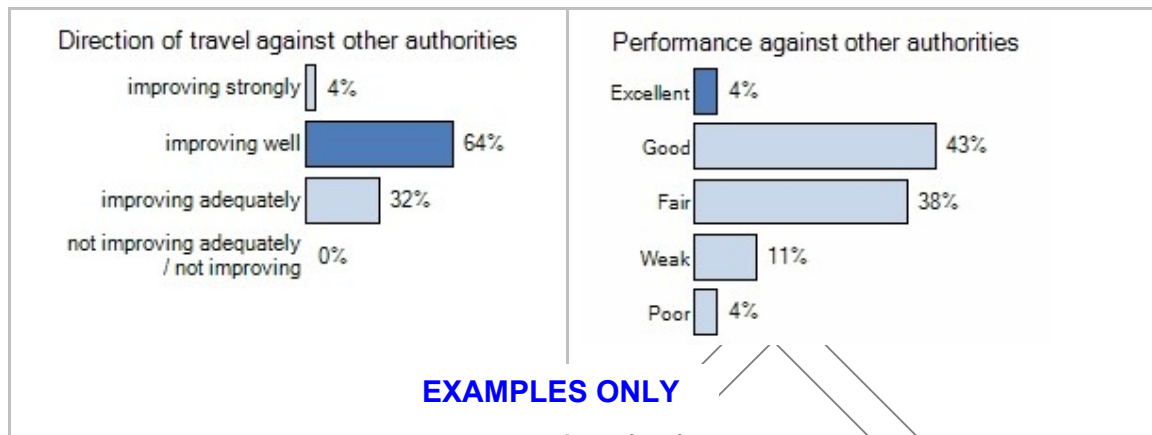
- 6 This report provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the most recent Comprehensive Performance Assessment (CPA) and Direction of Travel review and from the findings and conclusions from the audit of the Authority for 2006/07.
- 7 We have addressed 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. We have made recommendations to assist the Authority in meeting its responsibilities.
- 8 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](http://www.audit-commission.gov.uk). In addition the Authority is planning to publish it on its website.
- 9 As your appointed auditor I am 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, I review and report 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.
- 10 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.
- 11 We have listed the reports issued to the Authority relating to 2006/07 audit and inspection work at the end of this letter.

## How is Shropshire & Wrekin Fire and Rescue Authority performing?

- 12 The Audit Commission's overall judgement is that Shropshire & Wrekin Fire and Rescue Authority is improving strongly. It 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

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**Figure 1 Overall performance of authorities in CPA**



## The improvement since last year - our Direction of Travel report

### Overall performance

- 13 The FRA has made strong progress in delivering its priorities. Performance is better and improving faster than others in the numbers of accidental dwelling fires, deaths and injuries. Hoax calls and false alarms have dropped sharply. A step change in the level of prevention activity has significantly reduced 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.. Value for money is good and improving and the service has exceeded its efficiency targets. The benchmarking of both costs and service performance is in place. 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.

## **What evidence is there of the Fire and Rescue Authority (FRA) improving outcomes?**

- 14 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, deaths and injuries. Injuries have reduced by 57% and deaths by 43%. The proportions of fires confined to room of origin and people who escape unharmed from accidental dwelling fires have improved faster than others, now performing in the top twenty-five per cent of FRAs. In the four months from April to July 2007, 65% of fires were out when the fire appliance arrived. This clearly shows the impact of the increased community safety activity. In 2006/07, following the £824,000 investment in the retained service, retained firefighters completed 28,389 home fire safety visits (HFSCs) and fitted 12,025 smoke detectors, more than double 2005/06. Risk has been lowered significantly for residents in rural Shropshire.
- 15 The FRA has also become more effective in tackling false alarms. The number of attendances to automatic fire alarms in non-domestic properties has reduced by 25% and the number of malicious false alarms attended has also reduced in line with other top performing FRAs. The number of hoax calls remains high but has improved significantly this year, reducing by 50% when deprivation adjustments are made.
- 16 However, performance in tackling arson is mixed. There have been increases in both deliberate primary fires in vehicles and secondary fires within the last 12 months. This follows many years of significant improvement from 2000/01, and a 60% reduction in deliberate primary fires over the three year funding period (2000/01 to 2003/04) of the arson task force. Despite this the FRA remains a top performer in the levels of deliberate secondary fires. In response to the increase, the FRA has redirected resources through partnership with the police to target vehicle crime. This has reduced police crime arson by 30%.
- 17 The service continues to address national and locally identified priorities. Experience in water safety enabled the FRA to contribute effectively to the rescue operation in neighbouring counties during the severe flooding in summer 2007. An increasing contribution is being made to road safety with a full-time post appointed to liaise with the road safety partnership. The FRA's outreach vehicle which attends every event has 50 per cent of its time dedicated to improving road safety. One example of targeting is the focus on motorcyclists as a high-risk group and local gatherings of up to 600 riders are provided with safety advice. The FRA continues to be proactive in supporting the Shropshire Ambulance First Emergency Responder Scheme through providing vehicles and supporting retained firefighter's active involvement in the scheme.

- 18 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, has been built on through the 'adopt a school' campaign by local fire stations. Engagement through the Youth Parliament ensures the message continues to be relevant and effective. The FRA makes a key contribution to the healthy ageing of people in Shropshire. Many initiatives and campaigns are undertaken with partners and the voluntary sector to improve the safety of elderly people. An illustration of this is that Age Concern has carried out 250 HSFC visits to the hardest to reach within the last 12 months. Initiatives such as 'Keep warm, Keep well' and community safety days continue to take place across the county, with improved uptake of pension credits reported as a measurable outcome. Another activity is the attendance at flu jab clinics to ensure elderly people receive the fire safety message. The outcomes of initiatives are evaluated through the Local Area Agreement and Crime and Disorder Reduction Partnership showing improved safety in the county of Shropshire.
- 19 The FRA is continuing to improve access and the quality of service for vulnerable people. For instance, the 'people at risk' group's main priority is to get information about the vulnerable by breaking down historical barriers such as with the health service. To ensure a high profile, elected members champion at risk groups within young people and elderly. The informative web-site has been enhanced. Quality control of home fire safety activity ensures that prevention advice is effectively undertaken with the hard to reach. The FRA has worked jointly with partners in Telford and Wrekin to provide a welcome pack for Eastern Europeans that includes a fire safety message. Local firefighters have identified innovative ways of finding new settlements of migrant workers. In Oswestry, the Polish are identified through different satellite dishes, local Catholic Churches and factory visits. This has contributed to significant improvement locally as house fires reduced by 25% and of the 27 attended only 4 required interventions with no one suffering injury.
- 20 Diversity and equality is improving. While the FRA remains at Level 2, capacity building funding has been ring-fenced to enable FRAs in the West Midlands RMB to gain level 4 in the next 18 months. To help this being achieved an action plan tailored towards each department is in place and regular monitoring is carried out to confirm progress. 'Dignity at work' courses have been introduced this year and issues arising from the cultural audit have been embedded within the 2008/09 IRMP and are out for consultation with all staff. The Opinion Research Service's benchmarking report ranks the FRA as third out of the 19 FRAs undertaking the cultural audit in 2006/07. Equality impact assessments are carried out by all departments and spot-checking of these ensures their high quality. The recently improved web-site has a better approach to Black Minority Ethnic. The representation of minority ethnic groups and women in senior posts although static, is good compared with others. SWFA recognises the overall representation of female firefighters is below average and has responded in positive action which has improved performance this year. As a result over 25 per cent of wholetime recruits were women.

## 10 Annual Audit and Inspection Letter | How is Shropshire & Wrekin Fire and Rescue Authority performing?

- 21 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 2006/2007, £346,000 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 2006/2007. Efficiency gains on crewing aerial appliances have been reinvested on the retained service to fund retained support officers. This 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 has enabled 37 staff to experience exchanges with 10 other countries in the EU. 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?**

- 22 The FRA has robust plans for improving. Key plans are SMART; integrated with each other and support the vision and aims of the authority. Planning at station level has become more meaningful with devolved resources empowering local managers to effectively target and increase community safety activity. IRMP plans are clearly communicated both internally to staff by authority members and externally to the public and partners. Performance management has strengthened through more responsive information systems and a culture of improving performance at station level. A robust arson reduction action plan has been drawn up to tackle the recent rise in arson which is outcome focused, measurable and resourced. This FRA is well placed to sustain its levels of improvement
- 23 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 undertaken in 2005 identified as notable practice, is delivering improvements in the recruitment, retention and availability of retained firefighters. The FRA has a committed local resource which is significantly reducing the risks for people living in rural areas.
- 24 The FRA has improved its capacity to deliver its plans. The FRA has continued to invest in its senior management team and extended this training to middle management to ensure teams are high performing. Elected members continue to show strong commitment through their contribution at all 50 of the service's annual

- 25 IRMP consultation events. The member champion roles provide key contacts in the community. Scrutiny has improved through a new audit and performance committee although the full impact and benefit of this has yet to be seen. Workforce planning is sound. Regional working continues to deliver efficiencies through specialists being shared and effective delivery of training and development. This year's Investors in People assessment reported that 'the FRA demonstrates a very strong and ongoing commitment to its people and an equally strong commitment to training and development'. While the FRA has retained its focus on sickness absence this year, due to long-term issues there has been an increase from 8.6 shifts in 2005/06 to 9.2 in 2006/07 for wholetime firefighters. A new attendance management policy with trigger interviews, and an HR management information system 'Resourcelink' have been introduced. This has resulted in the reduction of sickness levels to 7.05 days in the last 6 months. The FRA is well placed to deliver priorities.
- 26 The FRA has planned effectively for any changes needed following the comprehensive spending review. 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 through redirecting grant to rural brigades through the new formula. The increased funding of 14.3 per cent was pegged again at 4 per cent this year as it is being introduced gradually, Finance and service planning is fully integrated.
- 27 The FRA is working well with partners and the Regional Management Board (RMB) 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. Five of the seven thematic projects have now been completed. These are fire safety; response; resilience; resources and performance, leaving an almost complete procurement project and the regional control room project. The RMB is now planning its programme around the 2008-11 National Framework. The FRA benefits 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. Partnerships continue to be well managed with cost-effectiveness and measurable outcomes now central to evaluating all 28 partnerships. This is recognised as a complex areas and Warwick University have been engaged by the RMB using this FRA as a pilot to set up an assessment tool for partnership activity. This contributes to the effective and efficient management of improving outcomes for local people.

## Service assessment

- 28 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.

## 12 Annual Audit and Inspection Letter | How is Shropshire & Wrekin Fire and Rescue Authority performing?

- 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)).

29 The assessments for Shropshire & Wrekin Fire Authority are provided in Table 1.

**Table 1 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

Source: Audit Commission

- 30 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 & Wrekin Fire and Rescue Authority.
- 31 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

- 32 As your appointed auditor I have reported separately to the Audit and Finance Management Committee on the issues arising from our 2006/07 audit and have issued:
- my audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 27 September 2007; and
  - my report on the Best Value Performance Plan confirming that the Plan has been audited.

### Use of Resources

- 33 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).
- 34 For the purposes of the CPA we have assessed the Authority's arrangements for use of resources in these five areas as follows.

**Table 2**

Element	Assessment
Financial reporting	4 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)

## The key issues arising from the audit

- 35 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. Working papers provided for the audit of the financial statements for 2006/07 included an electronic statement of accounts containing links to all working papers and relevant information. Financial reporting could be further improved by the preparation of a separate annual report to include summary accounts and an explanation of key financial information.
  - The Authority monitors and can demonstrate how its financial plans and strategies have contributed to the achievement of its corporate objectives. A Partnership Group has been established to monitor and control financial and governance issues relating to all partnerships in order to develop its services through joint working. Financial management could be further improved by providing members with accrued financial monitoring reports supported by estimates of significant balances during the year and by developing the approach to the co-ordination of asset management information and its integration with organisational financial information.
  - The Authority is financially sound and has consistently maintained overall spending within budget. Current spending plans match available resources. Improvement opportunities include setting challenging targets to monitor key financial health indicators and, where target levels of reserves and balances are exceeded identifying and reporting to members the opportunity costs of maintaining these levels compared to the benefits accrued.
  - A strong risk management culture and appropriate support arrangements are embedded. The role of a member champion for Business Risk Management and Audit has been introduced and a Partnership Working Group has been established. Officers are required to 'sign off' their annual assurance statements, promoting ownership and understanding of the internal control process. However, the full impact and effectiveness of the Member Champion for Business Risk Management and Audit has not yet been demonstrated.
  - Costs compare well to other FRAs and in 2006/07 the Authority's performance was above average for a significant number of BV indicators. The Authority sets challenging targets aimed at stretching the organisation both in terms of national requirements and local influence. Opportunities for improvement include developing a formal procurement strategy including a whole life approach to procurement and spending and demonstrating the savings achieved through procurement.

## Additional services

- 36 No additional services were provided during the year.

## Looking ahead

- 37 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.
- 38 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with an enhanced annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 39 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 Local Area Agreements.

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## Closing remarks

- 40 This letter has been discussed and agreed with xxx. A copy of the letter will be presented at the Audit and Finance Management Committee on 13 March 2008. Copies need to be provided all Authority members.
- 41 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 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Annual audit and inspection letter	March 2008

- 42 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

- 43 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Authority's website.

**Name** Tony Corcoran  
**Relationship Manager**

Date 5 March 2008