

Annual Audit and Inspection Letter

West Midlands Fire And Rescue Authority

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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

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. It draws on the findings and conclusions from the Authority's external audit, undertaken by its appointed auditor, KPMG LLP ("KPMG") (Michael McDonagh, Partner) and from a wider analysis by the Audit Commission of the Authority's performance and its improvement over the last year.
- 2 The report is addressed to the Authority; in particular, it has been written for the Authority, but is available as a public document for stakeholders, including members of the community served by the Authority.
- 3 The Audit Commission's recently published summary gives an overall assessment of the Authority's progress over the previous 12 months:

West Midlands Fire and Rescue Authority (WMFRA) is improving well.

WMFRA is significantly improving outcomes for the public through reduced injuries, deaths and fires. The service was assessed as performing well in operational preparedness and emergency response, recognising that fundamental changes to service delivery have resulted in a focused approach to community safety. Its work is leading to reduced anti-social behaviour and arson. Working with older people is developing and there is a more structured approach to road safety. All of this has been achieved in an environment of difficult industrial relations, but much has now been done to tackle this underlying difficulty.

It is improving access to services, its approach to equality and diversity and is developing more understanding of the communities it serves, through its work with partners. Performance on value for money is good and improving. There are clear actions to improve internal communication and the engagement of staff to bring about improvement. The restructure into boroughs is delivering organisational objectives more effectively, but there is more work to be done. The FRA is well positioned to make further improvements having strengthened its improvement planning.

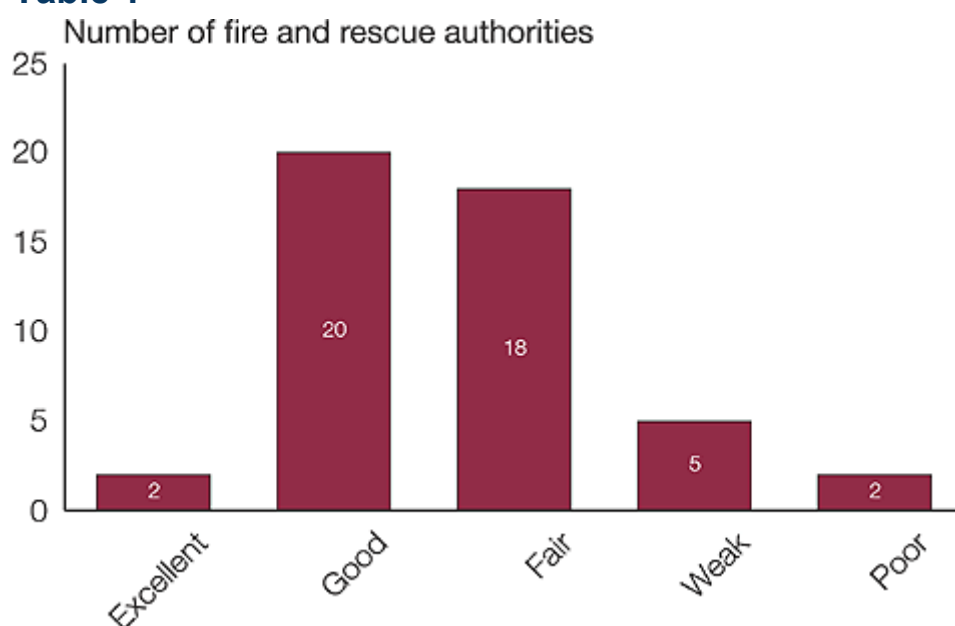
Source: Audit Commission Direction of Travel scorecard March 2007

- 4 The main message for the Authority included in this report is:
 - ensuring the Authority evaluates the impact of its actions, in particular, the link between outcomes and resources.

How is West Midlands FRA performing?

- 5 West Midlands Fire and Rescue Authority 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.

Table 1



Source: Audit Commission

The improvement since last year - our Direction of Travel report

What evidence is there of the FRA improving outcomes?

- 6 The FRA is performing well across its priority areas and in relation to national framework targets. There has been a strong downward trend in the number of primary fires over the last two years, reducing by over 25 per cent, from 43.3 to 32.2 per 10,000 population. It has also significantly improved outcomes in the level of injuries and deaths over the last two years, recording movements of 11 per cent and 32 per cent respectively. When adjusted for deprivation the FRA performs well in the level of deliberate primary fires. However, the number of attendances at false alarms at non-domestic properties is rising and performance has declined in confining fires to room of origin.

- 7 The service was assessed to be performing well in operational delivery. It scored well in all areas including emergency response and operational preparedness. It recognised that wide ranging and fundamental changes to service delivery has resulted in a focused approach to community safety and the funding of a number of effective initiatives.
- 8 Community safety activity has significantly increased. The FRA has doubled the level of Home Fire Safety Checks (HFSCs) in the last two years and it is now well on the way towards an annual rate of 40,000 per year being completed by its own staff. It has maintained progress despite three months of industrial action. It is starting to measure impact from prevention activities, such as the 'LITE' pilot. Its approach to HFSCs has helped to maximise the utilisation of external funding of smoke alarms but more focus to the delivery of HFSCs is planned and a review is currently being undertaken. This contributes to improved prevention work.
- 9 Sound contributions are being made to wider community outcomes. The FRA is actively reducing arson and anti-social behaviour through many initiatives across the West Midlands. It has secured fire related targets in various Local Area Agreements (LAAs) and is leading the safer stronger block at Walsall LAA. However, there are no non-fire related targets to promote such work as accident avoidance or road safety. It is active in youth engagement projects at all levels, fitting car safety seats for the young and delivering safety messages at key stage 2 in schools. Initiatives such as 'Your Choice' and 'Dying to drive' are aimed at teenagers. Research undertaken by Aston University demonstrates the increased awareness by young people of the risks associated with driving. It is in the upper quartile for reducing arson.
- 10 The FRA is developing its approach to improve safety in the community through work in new areas. For instance, it is responding to the needs of older people through the Coventry older people partnership where it is planning signposting schemes with other agencies, although, so far, outcomes are limited. Road safety is recognised as part of the role.
- 11 Access and the quality of service is improving. The FRA is developing knowledge sharing with other partners such as the police and housing but a lack of knowledge sharing with health hampers work with the vulnerable. A risk based approach to protection is improving safety for immigrants. It has an informative website and is starting to develop different ways of accessing hard to reach groups through community advocates. Firefighters show a good understanding of the importance of HFSC. Language line facilities are made available but translation is not available for eastern Europeans. The FRA is working with partners to ensure the safety of sanctuary schemes, which enable families vulnerable to domestic violence to stay in homes. It has consulted directly with hearing-impaired people to improve access. Despite persuasive campaigns the inclusion of sprinkler systems into new schools has been patchy.

- 12 Value for money is being achieved. The authority has the lowest band D council tax of any metropolitan authority and consistently high satisfaction results. It has performed well when deprivation is taken into account compared with similar authorities. It is exceeding its efficiency targets through IRMP projects and best value reviews, achieving £4.4 million to 2005/06. Shift changes have delivered efficiencies. However, processes and understanding are still being embedded.

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

- 13 Improvement planning is robust and focused on issues raised in Fire CPA. Key plans are SMART; integrated with each other; cover the medium to long term; and, support the vision and aims of the authority. Action planning has been simplified. The three year corporate strategy 2007-2010 sets out four areas of priority: communities and partnerships, response, people and value for money. It includes the medium term financial plan and the drivers for change. The annual service plan 2007/08 sets out the business plan and includes the IRMP. A structured approach to team briefings enabled staff to comment on proposed actions at an early stage and shape the corporate strategy. This process began in the summer so that the IRMP could drive improvement. This contributes to making West Midlands safer.
- 14 Performance management is effective. Restructures at both corporate and operational levels give a greater focus to service delivery. A borough structure aligning areas with local authority boundaries has been put in place bringing the 40 stations into tighter control. Previously, station managers developed various successful initiatives however it was difficult to co-ordinate activity. Borough plans are now the key driver to community safety work. Action planning at borough level uses comprehensive and stretching targets aligned with LAA boundaries. However, individual performance and development reviews have not been completed by all staff. Performance improvement meetings (PIMs) have been introduced recently to bring a cross cutting approach to improvement.
- 15 Relations with staff and unions have improved. The introduction of new shift patterns in September 2005 led to industrial action. Following this, extensive dialogue with representative bodies has allowed successful implementation of a revised late shift pattern in a context of improved relationships. The FRA is now therefore well placed to sustain future improvement.

- 16 Capacity is improving in most areas. Equalities and diversity has improved from Level 1 to 2 and the authority is scoring 100 per cent on the duty to promote race equality compared with 39 per cent last year. Strong leadership is being given to this issue with high quality training being delivered across the service. The FRA is in a sound financial position, maintaining a general reserve of £3.5 million. In addition, there are earmarked reserves of £14.7 million. It has invested in organisational development, strengthening the senior management team and restructuring operational delivery into boroughs. This is empowering crew and watch managers; however, there is some way to go in developing them and ensuring stability to deliver. The borough commander role is also developing but the need to refer some issues back to the centre impacts responsiveness. Training has been expanded with core skills being delivered centrally to ensure quality. Scrutiny and engagement by members has improved with more effective challenge regarding performance. Human resources (HR) is a weaker area. Despite significant effort to recruit, there has been no permanent arrangement for professional input to the strategic board level on a continuous basis, although effective temporary arrangements are now in place. Management information systems are cumbersome, resulting in a laborious approach to workforce planning. Sickness absence has increased from 9.8 shifts for wholetime firefighters in 2004/05 to 11.4 shifts in 2005/06, although recent work with occupational health shows promise.
- 17 The FRA contributes effectively to its partnerships. The main partnership around arson is reducing deliberate fires and improving prevention. The EAGA partnership has carried out HFSC in several areas of Birmingham. A partnership framework is developing so that benefits and achievements can be demonstrated along with cost effectiveness. The FRA is working across sector to deliver outcomes for children and young people. Areas where additional partners would be helpful to develop further are in health such as older people, the ambulance service, mental health and faith communities.
- 18 The FRA is working well in most areas with the Regional Management Board to implement the National Framework. It has funded the Business Change Manager to continue in post and provides the current Chair to the RMB. It has contributed to assessment and development centres (ADCs), which have taken place at supervisory, middle management and strategic levels. Regional procurement is developing with joint procurement either saving on policy and tender writing or buying together but significant benefits have yet to be delivered. Milestones were missed during the FRA's lead of the HR stream, however this was a consequence of the lack of professional HR leadership highlighted above. The region is well placed to make efficiency gains.
- 19 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 improved following CPA 2005.

Service assessment

- 20 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 Communities and Local Government (CLG)).
- 21 The assessments for West Midlands Fire and Rescue Authority are provided in Figure 2 below.

Figure 2: Fire and rescue service assessment

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

Source: Audit Commission

- 22 CLG's operational assessment of service delivery assessed the planning and delivery of emergency response. The following text is provided by CLG as part of their assessment of West Midlands Fire and Rescue Authority.
- 23 West Midlands Fire Service (WMFS) has implemented wide ranging and fundamental changes to the way it delivers services over the last three years. This has resulted in a focused approach to community safety and the funding of a number of effective initiatives. The Service performs well across all key areas with particular strengths in Risk Analysis, the use of Information Technology, and the communication of information about the Regulatory Reform (Fire Safety) Order 2005. Performance management and human resource management are not yet fully in place, but the Service has well developed plans to improve these. The Service evaluates what it does, but needs to improve feedback mechanisms to ensure such work achieves the intended outcome. The Service is aware of its achievements, but can be overly self critical at times. Overall, the Service is performing well and meets the needs of its diverse community.

Financial management and value for money

- 24** KPMG has issued a separate report to the Authority setting out the findings of the 2005/06 audit work. The 'report to those charged with governance', summarised the findings of the accounts audit prior to issuing the audit opinion.
- 25** KPMG has issued the following statutory opinions to the Authority during the year:
- an unqualified opinion on your accounts;
 - a conclusion on your arrangements for the use of resources which stated that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited and complies with statutory requirements.
- 26** KPMG's findings are an important component of the assessment 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** KPMG has assessed the Authority's arrangements for use of resources in these five areas as follows.

Table 2 Use of Resources assessment

Element	Assessment
Financial reporting	4 out of 4
Financial management	2 out of 4
Financial standing	3 out of 4
Internal control	2 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.

Financial Management

The Authority manages its finances well in line with its medium term financial strategy and the Authority is currently introducing a number of actions to provide greater transparency to the process and ensure that the integrated planning process links corporate and financial planning. The Authority is also developing more comprehensive reporting on and monitoring of asset use.

Internal Control

The Authority has the main elements of an internal control framework in place. These could be developed further through:

- a formal assurance framework drawing together all the sources of assurance received by the Authority.

VFM

The Authority currently achieves VFM and can point to a number of good examples of achievement.

- The Authority has the lowest Band D Council tax of any Met Authority and consistently high satisfaction results.
- Spend and performance figures are comparable in relation to neighbours and performance, particularly in respect of operational indicators on fire response and incidents, is improving.
- Member forums are focussed on key performance and financial matters and the Authority has an established process for measuring efficiencies and a track record of achievement.
- The Authority challenges VFM through its IRMP and Best Value programme, with significant impacts through its IRMP projects.
- Members and Senior Management demonstrate an understanding of key issues in relation to cost and performance and have been successful in securing additional external funding to drive improvement projects.

However, processes and understanding are still being embedded and;

- The Authority is still formalising its approach to assessing value for money.
- Managers and Borough Commanders are still developing their understanding of the relationship between resources and performance.
- The partnership framework is still developing to demonstrate benefits and achievements.
- Performance management is still being embedded to combine performance and cost reporting.
- The Authority needs to consider how it evidences the impact of resource reallocation towards prevention and protection work to target its resources more effectively.

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- The Authority is still developing the resources to support the Borough structures to ensure they can deliver against key priorities.

Conclusion

- 29 This letter has been discussed and agreed with the Chief Fire Officer and other senior officers. A copy of the letter will be presented at the full Authority at its April 2007 meeting.
- 30 The Authority has taken a positive and constructive approach to our audit and inspection and on behalf of both KPMG and the Audit Commission, I would like to take this opportunity to express my appreciation for the Authority's excellent 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.

John Gregory
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