

Auditor's Annual Report on West Midlands Fire and Rescue Authority

2021/22 and 2022/23

November 2023



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

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



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

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Executive summary



Financial sustainability

The Authority have demonstrated sensible financial planning and spending through finishing with a budget surplus in both 2021/22 and 2022/23. Their budget setting and monitoring arrangements allow them to have continuous view of their progress against budget and challenge them to spend on areas that will bring value. However, we have identified 3 areas for improvement; the Authority would benefit from defining a clear savings target, building a savings delivery plan, defining a borrowing strategy and incorporating financial risk reporting in Quarterly Monitoring of Finance reports. This is essential especially since from 2023/24, the Authority will no longer use their reserves to fund the Capital Programme and will likely need to start borrowing. Therefore, the Authority would benefit from developing arrangements to ensure they continue delivering services within budget.



Governance

The Authority's Governance arrangements have proven to be effective, particularly with their budget setting and monitoring. Their budget processes allow for the appropriate stakeholders to contribute, check and challenge final budgets and justify variances. While frameworks around risk management are strong, risk reporting could be more regular and well rounded. We recommend that the Corporate Risk Report is updated before and shared to every Audit & Scrutiny Committee and Fire Authority meeting to ensure preventative measures can be taken as soon as possible.



Improving economy, efficiency and effectiveness

The Authority have exemplary arrangements around improving economy, efficiency and effectiveness. Over the past two years, the Authority have launched new delivery frameworks and resourcing strategies that deliver both costs savings and put less strain on their resources and procurement need. Risk Based Crewing has allowed the Authority more control over how their assets are utilised and reduce inefficient use of resources that could be saved for high-risk emergencies, thus helping them with their goal of responding to emergencies quicker.



We have completed our audit of your financial statements and issued an unqualified audit opinion on **XX XXXX 2022**, following the Audit Committee meeting on **XX XXXX 2022**. Our findings are set out in further detail on **pages x to x**.



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

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Authority's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and issued an unqualified audit opinion on **XX XXXX 2022**, following the Audit Committee meeting on **XX June 2022**. Our findings are set out in further detail on **pages x to x**.

Statutory recommendations

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

Provide brief details of what was issued and why.

We issued/ we did not issue.....

Public Interest Report

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

Provide brief details of what was issued and why.

We issued/ we did not issue.....

Application to the Court

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

We applied / did not apply...

Advisory notice

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

We issued / did not issue

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

Judicial review

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

We applied / did not apply...

Securing economy, efficiency and effectiveness in the Authority's use of resources

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

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

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

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



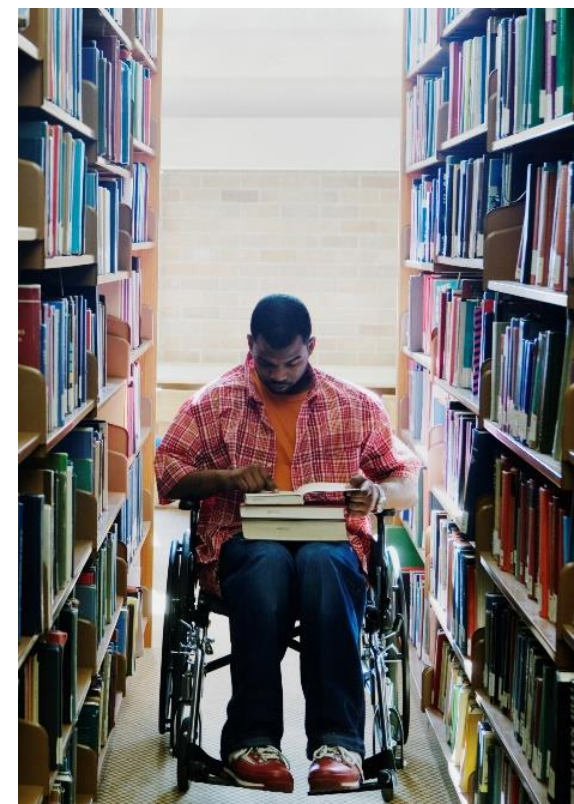
Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on the Authority's arrangements in each of these three areas, is set out on pages 6 to 14. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial planning and managing pressure

As with many Local Authorities, WMFRA have faced financial pressures in 2021/22 and 2022/23 due to the impact of Covid-19, rising inflation and cost of living. Despite these pressures, WMFRA delivered an underspend for both years; £175k in 21/22 and £150k in 2022/23. This was largely due to their budget assumptions, which were notably risk-averse and wholly reflected economic and funding pressures. For both years, the Budget demonstrates that the Authority assumed they would not receive further settlement funding from Central Government and that the Firefighter Pay Award would be capped at 2% and that they would have to fund the gap to reach the desired 7% Firefighter Pay Award using their own reserves. In reality a 7% pay settlement backdated to July 2022 plus an additional 5% pay settlement from July 2023 was announced in March 2023. Consequently, the Authority did not have to use their reserves.

WMFRA's biggest area of expenditure is for staffing to deliver fire services. To manage financial pressures and provide more efficient resourcing, the Authority introduced a new service delivery model – Risk Based Crewing (RBC) with a blended fleet. This model allows the Authority to decide how many and what type of vehicles, firefighters and other equipment to send out in response to a low-risk incident rather than sending excess. RBC is exemplary of how the Authority are not reactive but are evidently pre-emptive in their financial planning.

Savings and reserve management

WMFRA have identified a need for transformation and efficiency savings in 2022/23 and 2023/24 due to a number of factors including potential reductions in core Government funding, firefighter pension related issues and a shortfall in capital funding. Measures to deliver these savings have already been put in place and the benefits of this have already been seen. For example, non-pay efficiencies in procurement have saved £300k in 2021/22 and 2022/23. Moreover, according to our conversation with the S151 Officer, the new RBC model, alone, is forecasted to deliver circa £1m of savings by the end of 2023/24. Although, it is important to note that the internal funding requirements for RBC with a blended fleet will not be finalised until 2024/25. This uncertainty must also be factored into the Authority's savings plans.

While we have confidence that the Authority have the ability to deliver savings, there is no clear savings delivery plan in place. The Authority would benefit from a clear overall savings target, a savings plan outlining how savings are to be achieved and establishing monitoring arrangements. In parallel with their budget monitoring, savings monitoring will allow the Authority to track progress against savings targets, discuss and justify variances, have better visibility of financial risk and allow earlier risk mitigation if required.

Improvement recommendation – establish a clear savings target and define a savings plan.

According to the Budget and Precept report, the reserve position for 2021/22 was £42.7m and £28m for 2022/23. The majority proportion of these reserves were earmarked,

Financial sustainability

which contributed to the fact they finished both years within budget and not in a deficit. Thus far, the Authority have been funding their Capital Programme using earmarked reserves, however, have expressed that this will not continue from 2023/24. Their reserves strategy indicates that their reserve levels are reducing from 2023/24, rendering it essential that the Authority has a robust savings plan.

Budget setting

The Authority's approach to budget setting is framed by its Financial Regulations. These Financial Regulations detail the approach to consultation with budget managers during the budget setting process. The budget setting process is led by the finance function of the Authority who liaise with budget managers to revise budget estimates for the following year. Once this exercise has been completed the budget is agreed by the Strategic Enabling Board and then approved by the Fire Authority. This approach to budget setting is consistent with prior year and allows for appropriate levels of scrutiny and consultation.

Resource planning for strategic and statutory requirements

A review of the Budget and Precept reports and conversations with the Chief Fire Officer and S151 Officer demonstrate that WMFRA have aligned their financial planning to their strategic priorities. For example, the Authority's updated 3 Year Strategy for 2023 – 2026, referred to as "Our Plan" outlines WMFRA's priority to respond to emergencies effectively with the right resources and be ready to respond anywhere that is needed, working more closely with communities to keep them safe and taking preventative measures for fire safety incidents. At the core of this is mobilising their staff and resources to deliver these aims. This priority is reflected in the budget; the largest proportion of the corporate budget is allocated to Command Delivery, Fire Control & Workforce Planning in 2021/22. Looking at the 2022/23 Budget and Precept report, the largest proportion of the corporate budget is allocated to resourcing and health, safety & wellbeing.

Financial systems

During 2020/21 the Authority moved from an externally hosted Oracle Business System financial ledger to an internally hosted Oracle Fusion ledger which required a data migration process. As part of our 2020/21 Audit Findings Report we utilised our internal IT specialist team to complete a review of the arrangement for data migration. This report identified 4 significant deficiencies, 2 deficiencies and 2 improvement opportunities.

In response to these recommendations the Authority identified a number of actions that it needed to take. Through our work on the 2021/22 and 2022/23 value for money opinion we have not identified that there have been any failings in addressing these recommendations. This is supported by the Internal Audit reports relating to the financial management system not identifying any issues.

Capital Programme, investment and borrowing

As mentioned, the Capital Programme has been wholly funded by earmarked reserves until 2022/23, however, the S151 Officer explained that the Authority will likely need to borrow from 2023/24 to continue funding the Capital Programme and other assets such as fire vehicles. The Authority have clear investment and borrowing guidance outlined in their Budget and Precept Plan, however, would benefit from a more refined and robust borrowing plan for their Capital Programme from 2023/24 onwards.

Improvement recommendation – develop a borrowing strategy to fund the capital programme.

Financial sustainability

Managing financial risk

WMFRA have all the appropriate measures in place to ensure that financial risks are managed. The Corporate Risk Register includes financial risks and is shared with and discussed among the Audit & Scrutiny Committee and Fire Authority every six months. Moreover, our review of meeting minutes demonstrated budget variances are discussed at every Fire Authority meeting, which inspires confidence in the proactive attitude towards dealing with financial risks and issues.

Although, we have noted that the Authority do not include commentary about financial risk in their Quarterly Monitoring of Finance reports. While they do report on variances and, according to meeting minutes, discuss these variances, financial risk reporting in parallel as part of Quarterly Monitoring of Finances could elevate the Authority's visibility over financial risks and issues. While the Corporate Risk Register captures overarching financial risks, the Authority would benefit from more specific and in-depth financial risk reporting going forward, particularly since their finance strategy is likely to change from 2023/24 onwards due to their increased need for saving and borrowing. As an assurance and monitoring tool, distinctive financial risk reporting will support the Authority in upholding and adhering to new budgets going forward.

Improvement recommendation – include financial risk reporting in Quarterly Monitoring of Finance report.

Conclusion

The Authority's Financial Sustainability arrangements have proven effective thus far. Their budget planning, resource allocation and general tone from the top ensure that the necessary service areas are sufficiently funded.

From 2023/24 onwards, the Authority's financial strategy will likely shift away from relying on existing reserves to maintain a balanced budget to proactively borrowing and increasing savings. Our recommendations are designed to give the Authority the tools they need to support this aim.

Improvement recommendations



Financial sustainability

Recommendation 1

The Authority should establish a clear savings target, develop a savings plan and savings monitoring arrangements.

Why/impact

This will enable the Authority to track progress against savings targets, discuss and justify variances, have better visibility of financial risk and allow earlier risk mitigation if required.

Auditor judgement

Improvement recommendation

Summary findings

Since the Authority aim to reduce their reserve levels and potentially engage in borrowing to continue funding their Capital Programme, committing to a savings delivery plan will be imperative for the Authority to maintain balanced budget.

Management Comments

Since the implementation of risk based crewing from 2022/23, savings have formed a greater element of financial management. This focus will likely increase in future years as reduced funding and increasing pressures create budgetary gaps. A clear savings plan will be created with clear targets as to how this gap will be funded. This will be monitored throughout the year to ensure the target is met and provide early warning signs if this target is at risk.



The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendations



Financial sustainability

Recommendation 2

Develop a borrowing strategy to fund the Capital Programme.

Why/impact

If the Authority are going to engage in borrowing, a clearly defined set of guidance and a clear strategy informed by financial advisors and independent research will allow the Authority visibility of exactly how much they need to borrow and create a repayment plan. This can mitigate against the risk of falling into unnecessary debt.

Auditor judgement

Improvement recommendation

Summary findings

The Capital Programme is currently funded wholly using reserves, and this is going to end in 2023/24. Going forward, the Authority will borrow to continue funding the Capital Programme.

Management Comments

The current capital programme has a c. £10m future funding gap. There is also additional works required on estates and vehicle replacement which will need to feed into the capital programme. Due to reduced earmarked reserves, there will be a future need to borrow. In order to ensure that borrowing remains affordable and sustainable, a clear borrowing strategy will be developed.



The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendations



Financial sustainability

Recommendation 3

Include financial risk reporting in Quarterly Monitoring of Finance report.

Why/impact

Financial risk reporting in parallel with the reporting of variances would act as an assurance and monitoring tool by allowing further visibility of financial issues and risks, which will support the Authority in upholding and adhering to new budgets going forward as their financial strategy shifts.

Auditor judgement

Improvement recommendation

Summary findings

Currently, Quarterly Monitoring of Finance reports reflect variances but do not comment on financial risks. Since the Authority will have to save and borrow more from 2023/24 onwards, a more robust mechanism to monitor financial variances, issues and risks will be beneficial.

Management Comments

Regular budget monitoring reports highlight actual and forecast spend positions against budgets. Any variances are explained and corrective action is taken as necessary. To add increased context and protection, any relevant financial risks or issues will also be reported on, to enable mitigation action to be taken as early as possible.



The range of recommendations that external auditors can make is explained in Appendix C

Governance



We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Risk management

As a Fire Authority, risk management is central to WMFRA's operations. Mitigating and managing risk is at the core of their strategy and service delivery, as reflected in "Our Plan." The Authority have a strong risk management function. This is evident through their risk management arrangements which allow them to have visibility of and mitigate risks as they arise. Risks can be flagged by many bodies including the Audit & Risk Committee, the Strategic Enabling Team (SET), assurance teams and any member of the Authority. Their corporate risk register adopts a standard 4x4 RAG-rated risk scoring matrix to allow visibility on the severity of risks. The Corporate Risk Register is shared with the Audit & Scrutiny Committee and the Fire Authority twice yearly. Also speaking to the Authority's strength in risk management, there is only one serious risk outlined in both 2021/22 and 2022/23. The Authority are unable to provide business continuity arrangements as a result of industrial action, posing the risk of reputational damage and external scrutiny. There is no evidence of any material impact of this risk, which not only demonstrates the Authority's cautious approach to risk monitoring, but the effectiveness of their internal controls.

Budget setting and monitoring

WMFRA have a well-rounded budget setting process. The Financial Regulations confirmed that budget managers are consulted in preparation and the final budget is agreed by the SET and approved by the Fire Authority. Budget monitoring processes are also diligent. Monthly financial monitoring reports are shared with the fire authority to check actual spend against the budget and discussion of any variances. A review of the Financial

Monitoring Reports and meeting minutes show that slippages against budget are captured and discussed, demonstrating that the Authority are proactive with capturing variances and taking mitigating action if necessary.

Although, as reflected in the Financial Sustainability section, since there is an overall aim to reduce earmarked reserve levels, increase savings and continue to deliver a balanced budget. The Authority may need to revise their budgeting strategy going forward and perhaps allow more contingency budget since any budget gaps may not be covered by reserve funding.

Decision making

There are arrangements in place ensuring decision-makers are provided with all relevant information before coming to a final decision. For example, budget managers are consulted before finalising the budgets and provide their budget requirements. Another example is how the Authority are currently undergoing a public consultation to gather feedback on their CRMP projects as outlined in the 3Es section. This exemplifies the Authority's effort to gather information from relevant stakeholders and service beneficiaries before making decisions that affects them. Ultimately, all decisions are made by the Fire Authority leadership and the Audit & Risk and Scrutiny committees provide effective check and challenge. Our review of the Scrutiny Committee meeting minutes demonstrate that the Authority are constantly evaluating the quality of their functions and services. For example, the November 2022 Scrutiny meeting minutes reflect how a decision to provide training around diversity and inclusion was finalised after employees expressed the benefit of this.

Governance

Legislative, regulatory and quality standards

The Authority has a Code of Conduct available on their website which ensures that staff are compliant with legislation, uphold appropriate standards of behaviour and understand their requirement for declarations. They also have a gift and hospitality register which is available on their website.

Internal Audit

The Internal Audit function of the Authority is delivered through an arrangement with Sandwell Metropolitan Borough Authority with Peter Farrow acting in role of Head of Internal Audit and John Matthews in the key liaison role with the Authority. The findings of Internal Audit are reported to the Audit and Risk Committee and the areas of focus are framed by the Annual Audit Plan. The Annual Audit Plan is agreed by Audit and Risk Committee and progress against the plan is reported on a quarterly basis.

As per the 2021/22 Annual Internal Audit Report presented in June 2022, Internal Audit conducted reviews in 10 areas. 7 of these reviews received a 'Substantial' level of assurance with the remaining 3 reviews receiving 'Reasonable' assurance. A total of 12 recommendations were identified and none of these recommendations were classified as 'Fundamental'.

As at June 2023, the Annual Internal Audit Report for 2022/23 showed a total of 10 reviews undertaken by Internal Audit. 8 of these reviews had been completed and all areas had received 'Substantial' assurance with a total of 3 recommendations being identified. None of these recommendations were 'Fundamental'. No concerns were raised by Internal Audit around the willingness and ability of the authority to accept and action recommendations raised during these reviews.

One of the areas reviewed by Internal Audit in 2022/23 was 'Freedom of Information'. This review received a 'Substantial' level of assurance but 2 recommendations were raised. These recommendations related to the speed at which the authority responds to Freedom of Information requests due to delays in the approval process before information is released. Internal Audit have confirmed that this has been addressed and appropriate actions have been taken.

The Authority has a robust and effective Internal Audit function that receives good engagement from across all service areas during the review process and to action any recommendations

Workforce Planning

A strong and skilled workforce is crucial for the Authority to be able to effectively discharge its duties. As demonstrated through the HMICFRS inspection the Authority has good procedures in place to ensure there is a strong culture in place where people behave in accordance with its values.

The Authority also has good workforce planning in place and ensures that its skills and capabilities are understood. The effectiveness of workforce planning and succession planning is seen in the progression of the Chief Fire Officer in turning the interim appointment to a permanent appointment. The Authority has also had to manage changes to the leadership of its finance function and has ensured that there is appropriate overlap to assist with knowledge transfer and training. We will continue to monitor the impact this has on the financial governance of the Authority.

Overall, we have not identified any issues with the Authority's approach to workforce planning and managing its workforce.

Conclusion

The Authority have strong governance arrangements which support them in budget setting, maintaining budgetary control, making informed decisions and managing risk. All relevant stakeholders are consulted before decisions are finalised and there is a culture of effective communication to ensure smooth-running of internal operations and service delivery.

As detailed, the Authority would benefit from more regular risk reporting to ensure all risks and issues are reviewed and managed as early as possible.

Improving economy, efficiency and effectiveness



We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Financial and Performance Objectives and Assessment

Our review of the Authority's strategic priorities in "Our Plan" illustrates how their focus continues to be on fire emergency prevention, reducing their emergency response time and improving their delivery of community benefits. Moreover, the Authority have made an impressive effort to make their resourcing more efficient and effective. This is evident in their new CRMP projects outlined in their updated Annual Plan:

1. Risk Based Crewing (RBC) of a Blended Fleet
2. Dynamic Mobilising
3. Automatic Fire Alarms
4. Reducing Health Inequalities
5. Emerging Risks

In particular and as alluded to previously, their RBC and Blended Fleet projects, which have already been put into practice, will allow the Authority more autonomy in deciding the number of resources, i.e. firefighters, vehicles, equipment etc, required to respond to low-risk incidents. Not only will this result in cost savings, as outlined on page 6, but will free up resources required to respond to high-risk emergencies by not exhausting unnecessary resources on minor incidents. Consequently, RBC will allow the Authority to deliver value for money and improve their service to communities.

Moreover, due to the RBC and Blended Fleets model, West Midlands's Fire and Rescue Authority have the means to be trailblazers in this fire service resourcing space. Other Fire

Authorities can learn from and employ these models to make their own resourcing more efficient and deliver better emergency response services.

The Authority have strong performance monitoring measures in place that allow committees to clearly review progress against KPIs. Every Quarter, the Authority provides a KPI progress report. Having reviewed the Q4 reports for 2021/22 and 2022/23, it is evident WMFRA have improved on their delivery against targets between both years. For example, in 2021/22, the number of deliberate fires in derelict buildings was over target by 18%, and in 2022/23 the Authority managed to improve on this target and there were 3% less deliberate fires than their target, exemplifying the Authority's ability to use their KPIs as improvement drivers.

In addition, the latest HMICFRS report for WMFRA reflects how the Authority have higher-than-average performance against many areas. They are particularly strong in how they look after their people; their staff retention rates are significantly higher than the national average. Moreover, 99% of firefighters are full time, compared to the national average where 66% are full time. This is a testament to how well the Authority looks after its people, which translates into more consistent service delivery for communities.

Arrangements for shared learning are essential drivers for Authorities to assess the effectiveness of their performance and improve their services. Various staff across the Authority are members of external networks that provide them with a platform for shared learning. The Procurement Officer, is a member of the NFCC National Procurement Hub. In our conversation they expressed that this network is a source of shared learning, fire service delivery frameworks and training material.

Improving economy, efficiency and effectiveness

Partnership working

For a Fire Authority, partnerships are essential to deliver community benefits. WMFRA have demonstrated that they value partnership working and have involved their partners in curating their strategy. For example, The Authority has established arrangements with neighbouring fire and rescue services in Staffordshire, Warwickshire, Hereford and Worcester and Shropshire, for reciprocal support at times of peak demand.

Procurement strategy

Our conversation with WMFRA's Procurement Officer demonstrated that the Authority have astute arrangements around their procurement and commissioning. They have a clearly defined procurement strategy. If the contract value is less than £25k, the bidder with the lowest quote is accepted; contracts between £25k and £100k, the Procurement Manager authorises, contracts over £100k, the Strategic Enabler (SE) authorises; and finally contracts over £250k will need to be submitted with a report in support of the contract and authorised by the SE.

Over the last two years, the Authority have faced procurement challenges that are typical to any Local Authority in this political and economic climate, such as uncertainty of supply due to Brexit, the ongoing impacts of Covid-19 and the Ukrainian war. The impact of this for WMFRA has largely been on supply of their fleet; it takes an average of 15 months to procure assets and they faced the challenge of making their existing assets last longer. Their new RBC and blended fleet model has helped mitigate this challenge, demonstrating again the Authority's exemplary efforts in countering any risks caused by external factors in their procurement.

HMICFRS Inspection

HMICFRS published their most recent inspection of West Midlands Fire Service in January 2023, covering the period 2021/22. The inspection focuses on the service provided by the Authority and the way in which resources are utilised. It assesses how effectively and efficiently the Authority protects the public against and responds to fires and other emergencies. The report also assesses how well the Authority looks after the people who work for the service.

The outcome of the inspection from HMICFRS is separated into three sections. The performance of WMFRA in 2021/22 across these areas was;

Effectiveness – Outstanding (increase from 'Good' in 2018/19)

Efficiency – Good (static from 'Good' in 2018/19)

People – Good (static from 'Good' in 2018/19)

Within each of these areas there are sub-sections and the Authority either retained its rating at the 2018/19 level across these sub-sections or, as was the case in two areas within People, improved from 'Requires Improvement' to 'Good'. This demonstrates that the Authority has taken proactive steps to address issues raised in previous inspections from HMICFRS.

The report for 2021/22 summarised that the Authority delivered "first-rate performance" in terms of keeping people safe and secure from fires and other risks. It also summarised that excellent progress had been made from the 2018/19 inspection, as evidenced in the improvements demonstrated above.

The inspection from HMICFRS did identify that there were some areas of improvement for the Authority. These areas for improvement were discussed during the Fire Authority meeting held in February 2023 and relevant officers detailed the steps being taken to address these areas for improvement. This indicates that the Authority has taken appropriate steps to address areas for improvement whilst also noting the positive outcome that the report detailed and the 'Outstanding' rating that WMFRA has been given by HMICFRS

Conclusion

The Authority have exemplary arrangements around improving their economy, efficiency and effectiveness. Their new strategies outlined in "Our Plan" demonstrate their commitment to delivering value for money by making more efficient use of resources and implementing preventative measures for fire incidents to reduce the number of emergencies overall.

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion or we qualified the opinion on the Authority's financial statements on **xx xxxx 2022**.

Other opinion/key findings

List by exception, such as AGS, etc.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Authority's Audit Committee on **xx xxxx 2022**.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Authority. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work found xyz.

Preparation of the accounts

The Authority provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

Issues arising from the accounts:

The key issues were:

To be drafted

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



Appendices

Appendix A – Responsibilities of the Authority

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

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

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

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

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

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



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Authority's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Improvement	The Authority should establish a clear savings target, develop a savings plan and savings monitoring arrangements.	Yes	8
Improvement	Develop a borrowing strategy to fund the Capital Programme.	Yes	9
Improvement	Include financial risk reporting in Quarterly Monitoring of Finance report.	Yes	10

Appendix C – Sources of evidence



Staff involved

- Wayne Brown, Chief Fire Officer
- Mike Griffiths, Director of Finance
- Kal Shoker, Deputy Director of Finance
- Mandy Beasley, Procurement Officer
- John Matthews, Head of Internal Audit
- Peter Farrow, Head of Internal Audit



Documents Reviewed

- Constitution
- Community Risk Management Plan
- Audit Risk Committee Annual Report 21-22
- Budget and Precept 21-22
- Budget and Precept 22-23 and Forecast
- Monitoring of Finances February 2022
- Monitoring of Finances February 2023
- KPI Status Q2 21 – Appendix 1
- KPI Status Q2 22 – Appendix 1
- Procurement Procedures Policy
- Three Year Rolling Strategy 23-26
- HMICFRS West Midlands Fire Service Report 21-22



Meetings Observed

- Audit Committee – 27 November 2023

