

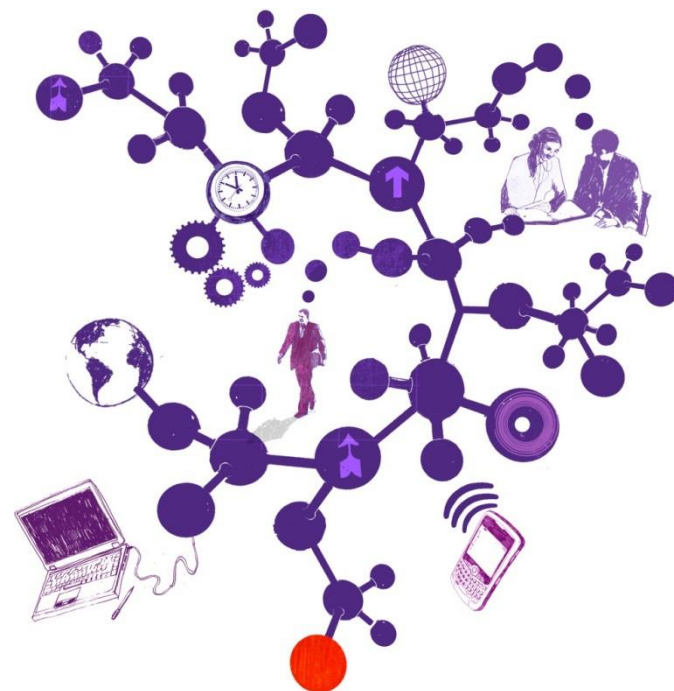
Audit Committee Update for West Midlands Fire & Rescue Authority

Year ended 31 March 2015

November 2015

James Cook
Director
T +44 (0)121 232 5343
E james.a.cook@uk.gt.com

Emily Mayne
Manager
T +44 (0)7880 456 112
E emily.j.mayne@uk.gt.com



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England
- Making devolution work: A practical guide for local leaders

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Progress to date

| Work | Planned date | Complete? | Comments |
|--|------------------------|-----------|---|
| 2014/15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Fire Authority setting out our proposed approach in order to give an opinion on the Fire Authority's 2014/15 financial statements. | March 2015 | Yes | We continued to assess the risks facing your Authority and met with Senior Officers to ensure that these risks were fully understood and our audit work was appropriate. The plan has now been delivered in line with our initial assessment and no revisions excepting some additional work to cover the smoke alarm and CO detector transaction has been required. |
| Interim accounts audit Our interim fieldwork visits include: <ul style="list-style-type: none"> • updating our review of the Fire Authority's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. | January and March 2015 | Yes | We have: <ul style="list-style-type: none"> • engaged with the finance team to streamline and improve the audit approach for 2014/15 where possible • discussed technical issues early including the calculation of MRP for 2015/16 which informs the Medium Term Financial Plan and the accounting for the smoke alarms and CO detectors • undertaken as much early testing as possible. We continue to work closely with Internal Audit in relation to risk, work on the financial statements and fraud. |
| 2014/15 final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2014/15 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion. | June – September 2015 | Yes | The opinion audit has been provided on your financial statements confirming that they are free from material misstatement. |

Progress to date

| Work | Planned date | Complete? | Comments |
|--|---------------------|-----------|---|
| Value for Money (VfM) conclusion The scope of our work to inform the 2014/15 VfM conclusion requires conclusions on whether: <ul style="list-style-type: none">• The organisation has proper arrangements in place for securing financial resilience.• The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. | January – July 2015 | Yes | We provided an unqualified conclusion on your arrangements to provide economy, efficiency and effectiveness. The Authority is preparing itself for challenges financially in future years. We also reviewed the partnership working as this is a key theme within all areas of the assessment. A Value for Money detailed report is presented to the November Audit Committee. |
| Annual Audit Letter A summary of all work completed as part of the 2014/15 audit. | October 2015 | Yes | We have summarised our findings from the 2014/15 audit and reported to the November Audit Committee. |
| Engagement with the Authority since the last Committee meeting | N/A | N/A | <ul style="list-style-type: none">• Meetings with key Senior Officers to agree the Annual Audit Letter and inform the 2015/16 planning. |

Making devolution work: A practical guide for local leaders

Grant Thornton market insight

Our latest report on English devolution is intended as a practical guide for areas and partnerships making a case for devolved powers or budgets.

The recent round of devolution proposals has generated a huge amount of interest and discussion and much progress has been made in a short period of time. However, it is very unlikely that all proposals will be accepted and we believe that this the start of an iterative process extending across the current Parliament and potentially beyond.

With research partner Localis we have spent recent months speaking to senior figures across local and central government to get under the bonnet of devolution negotiations and understand best practice from both local and national perspectives. We have also directly supported the development of devolution proposals. In our view there are some clear lessons to learn about how local leaders can pitch successfully in the future.

In particular, our report seeks to help local leaders think through the fundamental questions involved:

- what can we do differently and better?
- what precise powers are needed and what economic geography will be most effective?
- what governance do we need to give confidence to central government

The report 'Making devolution work: A practical guide for local leaders' can be downloaded from our website:

<http://www.grantthornton.co.uk/en/insights/making-devolution-work/>



Next Government Spending Review Commissioned

Local government issues

On Wednesday 22 July 2015 the Chancellor of the Exchequer formally commissioned 'Spending Review 2015' which will make an initial allocation of what the government spends in the years from 2016/17 to 2020/21.

A copy of the launch document *A country which lives within its means* can be found at: [A Country that lives within its means](#)

The document stresses the priority that the government attaches to growth and productivity including the local growth fund and the Northern Powerhouse. It reaffirms the commitment to radical devolution in England through further deals and integration of public services and confirms that departments will be asked to set out their contribution to the public sector land programme as part of their Spending Review bids in order to realise the government's housing ambitions.

You will also see from the document that HM Treasury has invited government departments to set out plans for reductions to their Resource budgets. In line with the approach taken in 2010, HM Treasury is asking departments to model two scenarios, of 25% and 40% savings in real terms, by 2019/20.

In addition representative bodies, interest groups and individuals were invited to submit written representations to HM Treasury by 4 September 2015.

The Spending Review is expected to be announced on 25 November 2015.

Challenge question

Are members aware of the timescales for including announcements from the Spending Review into the Medium Term Financial Planning process?

Enabling closer working between the Emergency Services Consultation

Local government issues

In its election manifesto the Government committed to enabling fire and police services to work more closely together and to develop the role of elected and accountable Police and Crime Commissioners. The Department for Communities and Local Government, in partnership with the Home Office and Department for Health have been working on proposals to support the commitment which seeks to drive a greater level of joint working between the emergency services, and deliver more effective and efficient services for communities.

A joint consultation paper containing the proposals was published on 11 September 2015. [*Enabling Closer working between the Emergency Services consultation paper*](#) is seeking views on proposals to drive greater collaboration between the emergency services and to enable closer working between police and fire and rescue services.

It also set out the proposals as follows:

- introducing a new duty on all three emergency services to actively consider collaboration opportunities with one another to improve efficiency and effectiveness;
- enabling Police and Crime Commissioners to take on the duties and responsibilities of fire and rescue authorities, where a local case is made;
- where a Police and Crime Commissioner takes on the responsibilities of a Fire and Rescue Authority, enabling him or her to create a single employer for police and fire staff, facilitating the sharing of back office functions and streamlining management;
- in areas where a Police and Crime Commissioner has not become responsible for fire and rescue services, enabling them to have representation on their local Fire and Rescue Authority; and
- abolishing the London Fire and Emergency Planning Authority and giving the Mayor of London direct responsibility for the fire and rescue service in London, as will be the case in Greater Manchester.

The aim of the proposals is to deliver real change and improvement in the accountability and service delivery across the emergency services. The proposals and eventual legislation will affect England only.

Challenge question

Did the Authority respond to the consultation?

Are members aware of how closer working is supporting the strategic direction of the Authority?

Fire Statistics April 2014 to March 2015 published

Fire Sector issues [for information]

The latest National Statistics, Fire Statistics Monitor April 2014 to March 2015 were published on the GOV.uk website on 20 August 2015. These cover annual headline statistics on fire fatalities, non-fatal casualties and incidents attended by fire and rescue services in England.

The latest Fire and Rescue Operational Statistics, England, April 2014 to March 2015 was published on the GOV.uk website on 24 September 2015. It includes English Fire and Rescue Authorities' personnel statistics, numbers of injuries to firefighters, statistics relating to community fire safety activity and fire safety audits of buildings.

The full publication and supplementary tables can be found at: [Fire Statistics](#) and [Operational Statistics](#). Highlights from the statistics nationally are:

- The 2014/15 data show a continuation of the long term decreasing trend in the number of fatalities, casualties and incidents attended by fire and rescue services down 6% and the lowest annual figure recorded to date.
- There were 3,235 non-fatal fire hospital casualties in England in 2014/15, 6% lower than in 2013/14 and 55 per cent lower than in 2004/05.
- Fire and rescue services attended a total of 154,700 fires in England in 2014/15, the second lowest number on record.
- Fire and rescue services attended 125,000 non-fire incidents in 2014/15, down 5% from 2013/14. The largest categories of non-fire incidents were road traffic collisions (25%) and attending medical incidents (13%).
- There were 44,000 full-time equivalent Fire and Rescue Authority staff in England as at 31 March 2015. This was 3.6 per cent lower than one year earlier, and 12.6 per cent lower than ten years earlier.
- Total firefighter strength (full time equivalent for whole-time, and 24 hour units of cover for retained duty system) decreased by 3.2 per cent compared to one year ago, and by 14.7 per cent compared to ten years ago.
- There were 2,627 injuries sustained by firefighters (during training, operational incidents and routine activities). This was 16.5 per cent and 52.7 per cent lower than one year and ten years earlier respectively, and continues the downward trend seen over the past decade. There were no firefighter fatalities during 2014/15.

Director for Fire, Resilience and Emergencies and DCLG

Fire Sector issues [for information]

On 9 September 2015, Neil O'Connor announced that he would be leaving his role as Director for Fire, Resilience and Emergencies to join Louise Casey's team which has been asked by the Prime Minister to review how to boost opportunity and integration and bring Britain together as one nation.

Sarah Benioff has taken on the role as Director with responsibility for fire, resilience and emergencies alongside her responsibilities for integration and community rights in the Department.

Officials in the directorate are currently working on a programme of visits to fire and rescue authorities for Sarah Benioff to visit over the coming months. Sarah also has a number of introductory meetings planned.



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