

Annual Audit and Inspection Letter

West Midlands Fire and Rescue Authority

Audit 2007/08

March 2009



Contents

Key messages	3
Purpose, responsibilities and scope	4
How is West Midlands Fire and Rescue Authority performing?	5
The audit of the accounts and value for money	12
Looking ahead	15
Closing remarks	16

Status of our reports

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

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

Key messages

- 1 West Midlands Fire and Rescue Authority (WMFRA) is improving well.
- 2 It has made good progress in delivering its priorities. Its performance is improving well and at a faster rate than others in the numbers of primary fires, accidental home fires, deaths and injuries. Property arson has reduced with anti-social behaviour fires and hoax calls down. Prevention work is continuing to progress well. Home Fire Safety Checks (HFSC) have doubled exceeding the target for 2007/08. More than half of the home fire safety checks are in high risk and vulnerable households.
- 3 The FRA is making a sound contribution to wider community outcomes particularly with young people WMFRA delivers good value for money, but processes to sustain this are still developing. Sickness levels have significantly reduced.
- 4 WMFRA is showing some progress on equality and diversity through improving access and quality of service for vulnerable people. The recruitment of women is improving but less people from ethnic communities were recruited as fire fighters this year.
- 5 There is commitment to reviewing the effectiveness of the organisation internal communication and engagement with staff is improving. Effective management of partnerships is developing. The service is well positioned to continue improving.

Action needed by the Authority

- 6 The Comprehensive Area Assessment (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 (LAA) and the importance of public bodies in leading and shaping the communities they serve.
- 7 To respond to this the authority needs to continue working well in partnership, maximises its use of resources in meeting its priorities and the wider community outcomes for each of the seven district areas.
- 8 In other areas the Authority needs to continue its good rate of improvement, in particular responding to the following challenges.
 - The processes for managing value for money are still developing. The Authority needs to continue to integrate financial and performance management to assist the Authority in deriving maximum value for money from its ongoing activities and future reviews of its asset and personnel structures.
 - With the impending change to accounting rules to International Financial Reporting Standards (IFRS), ensure that appropriate technical advice and expertise is sought and the transition to IFRS is therefore well planned and accurately delivered.

Purpose, responsibilities and scope

- 9 This report provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the most recent Comprehensive Performance Assessment (CPA) and Direction of Travel review and from the findings and conclusions from the audit of the Authority for 2007/08.
- 10 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.
- 11 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. (In addition the Authority is planning to publish it on its website).
- 12 The appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code) on:
 - the Authority's accounts; and
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion).
- 13 We have listed the reports issued to the Authority relating to 2007/08 audit and inspection work at the end of this letter.

How is West Midlands Fire and Rescue Authority performing?

14 The Audit Commission’s overall judgement is that West Midlands Fire and Rescue Authority (WMFRA) is improving well and the Authority was assessed as Good in the Fire and Rescue Comprehensive Performance Assessment carried out in 2005. The latter assessed authorities on their corporate management, their achievements, community fire safety and how they planned to respond to incidents through their Integrated Risk Management Plan (IRMP). It did not consider tactical management of emergency response. The following chart shows the latest position across all Authorities. We are now updating these assessments, through an updated corporate assessment, in authorities where there is evidence of change.

Figure 1 Overall performance of authorities in CPA



Source: Audit Commission (percentage figures may not add up to 100 per cent due to rounding)

The improvement since last year - our Direction of Travel report

- 15** West Midlands Fire and Rescue Authority (WMFRA) is improving well. It has made good progress in delivering its priorities. Its performance is improving well and at a faster rate than others in the numbers of primary fires, accidental home fires, deaths and injuries. Property arson has reduced with anti-social behaviour fires and hoax calls down. Prevention work continues to progress well. Home Fire Safety Checks (HFSC) have doubled exceeding the target for 2007/08. More than half of the home fire safety checks are in high risk and vulnerable households. The FRA is making a sound contribution to wider community outcomes particularly with young people WMFRA delivers good value for money, but processes to sustain this are still developing. Sickness levels have significantly reduced. WMFRA is showing some progress on equality and diversity through improving access and quality of service for vulnerable people. The recruitment of women is improving but less people from ethnic communities were recruited as fire fighters this year. There is commitment to reviewing the effectiveness of the organisation internal communication and engagement with staff is improving. Effective management of partnerships is developing. The service is well positioned to continue improving.
- 16** This letter relates to the financial period 2007/08. Since 2007/08 the service has continued improving. It is encouraging to note that the Audit Commission report 'Rising to the Challenge' has reported that WMFS achieved the greatest percentage reduction in primary fires of any English FRS for the period 1997/98 to 2006/07.

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

- 17** The Fire and Rescue Authority (FRA) is performing well across its priority areas and on national framework targets. In the last year it has improved strongly in reducing the overall level of primary fires by 39 per cent, when adjusted for deprivation. Improvement was faster than the rate of others, placing West Midlands in the top 25 per cent of FRAs. It has also significantly improved outcomes for local people - decreasing accidental dwelling fires by 17 per cent, deaths by 59 per cent and injuries by 29 per cent. This clearly shows the impact of the increasing levels of community safety activity. In 2007/08, 48,383 home fire safety visits (HFSCs) were completed compared with 26,555 in 2006/07. This significantly exceeded the target of 40,000 for 2007/08. Fires in non-domestic properties have also reduced faster than the rate of others, a decrease of 16.4 per cent. Risk from fire continues to be lowered significantly for residents and businesses in the West Midlands.
- 18** Performance in tackling arson also shows strong improvement. Deliberate primary fires have reduced significantly at 17.5 per cent which is faster than the rate of others. This is matched by the 26 per cent cut in deliberate secondary fires and 100 per cent fall in hoax calls when adjusted for deprivation. Fire related anti-social behaviour is reducing.

How is West Midlands Fire and Rescue Authority performing?

- 19** The service is addressing national and locally identified priorities. Water rescue, resilience, regional co-ordination and civil contingencies are all being addressed. Environmental considerations are becoming embedded in the culture of the organisation. An environmental strategy has been introduced and the new headquarters has achieved an excellent BREEAM¹ rating.
- 20** Road safety is a key area of focus. Risk reduction activities are carried out across all boroughs. These range from the appointment of a dedicated road safety co-ordinator in the Birmingham road safety partnership to joint operations with the police in Dudley. This resulted in 83 cars/vans and motorbikes stopped over a three hour period for traffic infringements. These included not wearing seatbelts, mobile phones, driving in the bus lane and children not in car seats. The FRA offered road safety advice and Child Car Seat fitting. Despite the benefits of intelligence, road safety interventions national indicators for people and children killed or seriously injured show a mixed picture over the seven LAA areas. For instance, Birmingham figures have reduced while Walsall figures have increased. However, most of the other LAAs show slight improvement.
- 21** The FRA is contributing to a broad range of community outcomes through effective partnership working. Trauma care for accident victims is now available as all fire appliances carry defibrillators with trained personnel. The youth project, FIRE has expanded significantly and is successful in prevent re-offending and keeping young people in engagement or employment. The community cycle team in Birmingham has developed an informal way to engage with young people during the summer months. This has improved relationships with partners and young people. For instance, details of activities are provided to groups of young people so they can be more productively entertained during school holidays. This has contributed to decreases in anti-social behaviour fires. The FRA also contributes well to improving outcomes for older people through its community advocates and work with the voluntary sector.
- 22** The FRA is improving access and the quality of service for vulnerable people. Over the past few months the proportion of HFSCs completed in high risk or vulnerable groups has grown significantly. In most areas this accounts for more than half. The number of full equality impact assessments (EIA) has also increased from only three in 2006/07 to 32 by August 2008. Fire safety messages have been shared with representatives from over 500 places of worship in the West Midlands. This contribute to reducing risk in diverse and more vulnerable communities
- 23** The Authority continues to deliver good value for money. Costs are relatively high but when factors such as deprivation and population density are considered they are commensurate with the performance standards and improvements achieved. Finances, both capital and revenue, are managed within agreed budgets and focus on identified priorities. Partnership and preventative activities are commonplace, focus on identified risks and are significantly contributing to fire prevention and community safety. Multi-agency borough based activities are many and varied, are frequently led by local fire fighters and cater for all sectors of the community.

¹ Building Research Establishment Environmental Assessment Method

How is West Midlands Fire and Rescue Authority performing?

- 24** Cumulative efficiency savings are on course to meet the three year target of over £7 million (which comprises the FRA share of the national target). In November 2007, CIPFA undertook a benchmarking report comparing the costs of all metropolitan authorities against performance. This report suggests that the anticipated increase in costs for WMFRA was greater than the average of 6.6 per cent for all other FRAs. This report was not received until May 2008 and the service is currently working on its response.

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

- 25** Improvement planning is robust. Key plans are SMART²; integrated with each other; cover the medium to long term; and, support the vision and aims of the authority. Action planning has simplified. The three year corporate strategy 2008 to 2011 which combines the integrated risk management plan (IRMP), business plan and medium term financial plan sets out four key priorities communities and partnerships; response; people and value for money. Staff have been engaged effectively in determining the new vision for the service five years from now. The visioning process named 4D after Discover, Dream, Design and Destiny was well received by all levels of staff. This contributes to making West Midlands safer.
- 26** The FRA has improved its capacity to deliver its plans. Staff have recently moved into a new HQ bringing together support functions to a more productive working environment. Human resources (HR) is now gathering momentum with good strategic leadership. Workforce planning is improving through the better planning of recruitment campaigns and supporting people through the process however integrating HR management information systems is progressing slowly. Supervisory manager and middle manager development programmes are more open and transparent. The FRA's focus on sickness absence has resulted in significant improvements. This includes a decrease from 9.47 shifts in 2006/07 to 6.67 in 2007/08 for wholetime fire fighters and similar decrease for all staff from 9.44 days in 2006/07 to 6.94 days in 2007/08. In both cases, the FRA has moved from below average to the top 25 per cent of authorities. The FRA is well placed to deliver priorities.

² SMART – Specific, Measurable, Achievable, Realistic, Timely

How is West Midlands Fire and Rescue Authority performing?

- 27** The processes for managing value for money are still developing. Preventative activities have successfully reduced the numbers of fires. This has led to a reduction in the demand for emergency response and given fire fighters the opportunity to increase operational training, develop skills for new responsibilities (for example civil contingencies and water rescue) and explore further partnership community safety activities. But the costs of the Authority are relatively high and, in the period under review, changes to the asset and personnel base of the organisation were modest. In 2007/08 costs increased, as did the Authority's reserves. CIPFA's benchmarking report identified high staff costs and the FRA plans to work with another similar brigade to understand this. A potential area of high cost is support staff and the FRA is now in a better position to assess appropriate levels following the move to a modern HQ. With regard to Partnerships, an increase in delegated budgetary authority and improved corporate monitoring and evaluation could lead to better cost effectiveness and ensure good practice is shared. The Authority's focus on improved performance is commendable but financial management and comparative performance review need to be more fully integrated if significant value for money improvements are to be achieved.
- 28** WMFRA is making some progress on equality and diversity. The representation of women fire fighters has improved but at 3.3 per cent it is still below the national average. Even so, recruitment levels are improving in 2007/08, 9 per cent of those recruited were women but this has increased to 20 per cent in the year so far. In January 2008, the service introduced the Springboard Women's Development Programme which is designed to enable women to reach their full potential. The programme won a National Training Award for quality and excellence. However, recruitment proportions for BME fire fighters have reduced in the last year with levels dropping from 18 per cent in 2007/08 to 11 per cent this year so far. The FRA has missed key opportunities to recruit a more representative workforce when workforce turnover was high.
- 29** The FRA is undertaking reviews to realign its resources around current risk levels. A review of station locations is complete and following consideration of responses from the public a revised plan approved. This year's IRMP 2009/10 is consulting on plans to improve the location and effectiveness of stations.
- 30** The FRA is working well with partners such as the Regional Management Board (RMB). Members were involved in various work streams. All the projects set up to deliver the six workstreams identified in the 2006 to 2008 National Framework, are completed. The National Framework 2008 to 2011 has translated into five themes for future activity. The effectiveness of the RMB was formally reviewed using the partnership assessment tool issued by DCLG for strategic partnerships. The majority (79 per cent) of respondents completing questionnaires agreed the RMB had achieved its aims.

How is West Midlands Fire and Rescue Authority performing?

- 31** The FRA is closely involved with partners in the Local Area Agreement to improve its capacity. While no Fire indicators were included in any of the 35 priority indicators across the seven LAAs, recent levels of improvement means fire related targets are a lesser priority. The FRA is assessing how it is contributing to chosen targets such as youth inclusion and obesity within each LAA so a brigade wide picture can be drawn. The FRA is investing further in developing its strategic approach to partnerships. It recognizes that while good processes for managing and evaluating partnerships are in place, they are bureaucratic and sometimes inconsistently applied. Not enough training time has been given to managers in this important area. Areas for improvement were identified and a more robust corporate framework is planned. However, influence and outcomes at an operational level are strong.

Service assessment

- 32** The Commission has undertaken a fire and rescue service assessment of the Authority. The assessment focused on service delivery and looked at the effectiveness of the service as experienced by recipients of the service. The assessment was constructed from two elements.
- The performance information element (an analysis of outcome focused best value performance indicators selected from those nationally available to assess the outcome of the services delivered by the authority).
 - The operational assessment of service delivery element (provided to the Commission by the Department of Communities and Local Government (DCLG)).
- 33** The assessments for WMFRA are provided in Table 1.

Table 1

Element	Assessment
Performance indicator	2 out of 4
Operational assessment of service delivery	3 out of 4
Overall fire and rescue service assessment	2 - Adequate performance – only at minimum requirements

Source: Audit Commission

- 34** 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 the Authority.

How is West Midlands Fire and Rescue Authority performing?

- 35** West Midlands Fire Service 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 areas of service delivery with particular strengths in the use of information technology, and its prevention and protection activity. Community fire safety work is managed well at all levels, and the Services recent communication with business about Regulatory Reform (Fire Safety) Order 2005 is a particular strength. 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 would benefit from improving feedback mechanisms to ensure that its work achieves the intended outcome. Overall the Service is performing well and meets the needs of its diverse community. It is aware of its achievements but can be overly self critical at times.

The audit of the accounts and value for money

- 36** The appointed auditor has reported separately to Executive Committee on the issues arising from our 2007/08 audit and has issued an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 17 October 2008.
- 37** We have discussed our detailed findings with Officers and the Audit Committee. The audit of the accounts progressed well, although the accounts were altered for material errors on pensions (prior to Authority approval) and for the sale proceeds of the disposal of the old headquarters. With the impending change to accounting rules to International Financial Reporting Standards (IFRS), the Authority needs to ensure that appropriate technical advice and expertise is sought and the transition to IFRS is therefore well planned and accurately delivered.

Use of Resources

- 38** 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).
- 39** We have assessed the Authority's arrangements for use of resources in these five areas as outlined in Table 2.

Table 2

Element	Assessment
Financial reporting	2 out of 4
Financial management	3 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)

The key issues arising from the audit

Financial reporting

- 40** The Authority continues to perform well. However the score for financial reporting has decreased compared to last year due to the correction of a material error in the accounts for the disposal of sale proceeds of the old headquarters. This was reported to members in our supplementary letter dated 16 October 2008.

Financial Management

- 41** The Authority continues to manage its finances well and the introduction of the Audit Committee will strengthen the challenge from members in this area. One key issue is that monitoring focuses mainly on financial information with little non financial information being considered. Therefore there is no clear link between operational indicators and financial performance. Such linkages would provide information to enable better decision making on costs versus performance.

Financial Standing

- 42** The Authority has a history of good financial standing with general reserves of £4 million and earmarked reserves of £19 million. The FRA has a reserves policy. However, given the level of reserves a detailed and comprehensive reserves report should taken to members annually. This will aid monitoring of performance and decisions on the level of reserves to be maintained.

Value for Money

- 43** The Authority continues to deliver value for money. Costs are relatively high but when factors such as deprivation and population density are considered they are commensurate with the performance standards and improvements achieved. Finances, both capital and revenue, are managed within agreed budgets and focus on identified priorities. Partnership and preventative activities are commonplace, focus on identified risks and are significantly contributing to fire prevention and community safety. Multi-agency borough based activities are many and varied, are frequently led by local fire-fighters and cater for all sectors of the community. An increase in delegated budgetary authority and improved corporate monitoring and evaluation could lead to better cost effectiveness and ensure the sharing of good practice.
- 44** The processes for managing value are still developing. Preventative activities have successfully reduced the numbers of fires. This has led to a reduction in the demand for emergency response and given fire-fighters the opportunity to increase operational training, develop skills for new responsibilities (for example civil contingencies and water rescue) and explore further partnership community safety activities. But the costs of the Authority are relatively high and, in the period under review, changes to the asset and personnel base of the organisation were modest. In 2007/08 costs increased, as did the Authority's reserves. The Authority's focus on improved performance is commendable but financial management and comparative performance review need to be more fully integrated if significant value for money improvements are to be achieved.
- 45** The authority should focus on the following key issues.
- Further develop the strategic framework for managing partnership activities to ensure the sharing of good practice, cost effectiveness and appropriately balanced borough based financial budgeting, delegation and authority.
 - Continue to integrate financial and performance management to assist the Authority in deriving maximum value for money from its ongoing activities and future reviews of its asset and personnel structures.

Looking ahead

- 46** The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 47** 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 organisational assessment which will combine the external auditor's assessment of the value for money in the use of resources assessment with a joint inspectorate assessment of service performance.
- 48** 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 National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 49** This letter has been discussed and agreed with Officers. A copy of the letter will be presented to audit committee on 30 March 2009 and full Authority on 20 April 2009. Copies need to be provided to all Authority members.
- 50** 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	July 2007
Report on audit of the accounts	September 2008
Annual Governance Report	September 2008
Opinion on financial statements	October 2008
Value for money conclusion	October 2008
Annual audit and inspection letter	March 2009

- 51** 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

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

Gary Stevens
Comprehensive Area Assessment Lead

March 2009

The Audit Commission

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

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

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

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212, Fax: 0844 798 2945, Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
