



Audit Committee Update for West Midlands Fire & Rescue Authority

Year ended 31 March 2014

June 2014

James Cook

Director

T +44 (0)121 232 5343

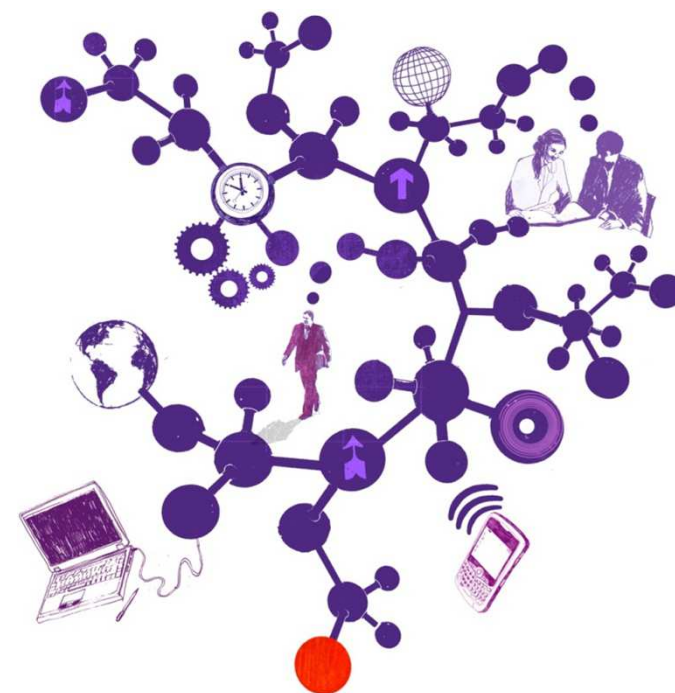
E james.a.cook@uk.gt.com

Emily Mayne

Manager

T +44 (0)7880 456 112

E emily.j.mayne@uk.gt.com



Contents

Section	Page
Introduction	3
Progress to date	4
Emerging issues and developments	
Sector issues	6

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 as a Fire Authority;
- includes 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. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

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.

James Cook Engagement Lead T 0121 232 5343 M 07880 112 102 james.a.cook@uk.gt.com
Emily Mayne Audit Manager T0121 232 5309 M 07880 456 112 emily.j.mayne@uk.gt.com

Progress to date

Work	Planned date	Complete?	Comments
2013-14 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 2013-14 financial statements.	January 2014	Yes	Presented to the March Audit Committee.
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. 	December 2013 – March 2014	Yes	We have confirmed that the Authority's control environment is sound. The significant financial systems have been examined and there are no weaknesses which we wish to bring to your attention. The work of Internal Audit has not identified any weaknesses which will impact on our proposed testing plan. Discussions with key finance staff have been on-going in relation to emerging accounting issues. We have also met quarterly with the S151 Officer and Director of Resources to discuss audit progress and developments within the Authority which may impact on the opinion and value for money conclusion. We have undertaken a reasonable level of early substantive testing on the key risk areas within the financial statements. No issues have been identified to date which would impact on our proposed testing plan.

Progress to date

Work	Planned date	Complete?	Comments
2013-14 final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion. 	June – September 2014	No	Not yet started – draft financial statements are expected at the end of June and work on site will commence shortly after this.
Value for Money (VfM) conclusion The scope of our work to inform the 2013/14 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 2014	In progress	Key risks for 2013/14 will include: <ul style="list-style-type: none"> • The ability of the Fire Authority to deliver savings required whilst still maintaining services and performance information. • The impact in changes to Senior Management on the Fire Authority's overall strategic direction. • Maintaining services delivery around potential strike action and negotiations with the Fire Brigade Unions over pension issues. • The use of assets, in particular, the Fire HQ in light of current occupancy levels and decisions following the communication with HS2. Evidence has been gathered throughout the financial year and now the financial year end has passed, meetings will be held with key staff to identify an overview of performance across the whole year and form our conclusion on the Authority's 'Use of Resources'.

Emerging issues and developments

Sector issues – Supporting Public Service Transformation: Cost Benefit Analysis Guidance for Local Partnerships

Introduction

The Public Service Transformation Network, established by government in 2013 to help public services transform at local level, has worked closely with Whitehall departments and New Economy (a Greater Manchester Combined Authority owned company) to produce a cost benefit analysis guide for local partnerships. The guidance can be used to assess and evaluate service transformation proposals in an efficient way in order to better understand financial, economic and public benefits, and how these are allocated across local and national organisations and communities.

The updated Summaries

The guidance

- provides an accessible guide for analysts that want to enhance their understanding of how to identify public policy interventions that are projected to produce net public benefits,
- enables policy makers to better understand the importance of evidenced-based decisions, including the underlying information requirements and the outputs of Cost Benefit Analysis.

The document outlines a methodology for a cost-benefit analysis model originally developed by New Economy, local authorities and other public sector agencies across Greater Manchester and is designed to simplify and to lower the cost of performing Cost Benefit Analysis in the context of local programmes to improve public services where analytical and research resources may be relatively limited. The guide can be found on the Public Service Transformation Network website data zone at: <http://www.publicservicetransformation.org> and on the New Economy website at: <http://neweconomymanchester.com/stories/1966>.

The guidance is supported by a Cost Benefit Analysis excel model which provides a structured and consistent approach for applying this methodology and a unit cost database which includes more than 600 unit cost estimates. This may be of for conducting value for money analysis generally or tracking the value for money against that set out in the Fire Transformation Fund application.

Challenge question:

- Has the Authority planned how it will track and report against the value for money criteria set out in the Fire Transformation Fund application?

Emerging issues and developments

Sector issues – Future Control Room Services Scheme: Summary national picture of fire and rescue authority improvement plans

Introduction

On 26 March 2014 the Department for Communities and Local Government published an updated national summary of the Future Control Room Services Scheme, and a summary of the marketing and disposal of the remaining ex-fire regional control centres. The documents are available at www.gov.uk : [Future Control Room Services Scheme Summary](#) and [Marketing and Disposal Summary Update](#).

The updated Summaries

As the Future Control Room update shows, the first of the projects, Tyne and Wear and Northumberland, has completed. This is a significant milestone in delivery of the Future Control Rooms Scheme. Furthermore, nine projects are on track to complete by the time of the September 2014 update, with an additional eight projects scheduled to complete by the end of this calendar year. Only one project is currently forecasting completion later than March 2015, by only eight weeks.

There has been significant progress in delivering the resilience benefits, with increases in delivery of nine of the ten benefits identified, and significant increases in six of those. Forecasted savings to be delivered by 2023/24 now stand at £129 million. This is £2.5 million more than the September 2013 update and, significantly, £1 million more than the early estimates of March 2012.

In summary, our assessment is that the Future Control Room projects continue to remain on track to deliver the benefits outlined in the original national summary.

The marketing and disposal of the remaining Regional Control Centres has also made further progress. Five of the nine centres have now been sub-let or transferred. The letting of the fifth centre, Wolverhampton, in December 2013 was a considerable achievement as it was the first let to the private sector (an IT company). It is estimated that this letting will save the Department in the region of £11 million. Furthermore, Heads of Terms are being negotiated with public sector organisations for the Wakefield and Taunton Regional Control Centres. The two remaining Centres (Castle Donington and Cambridge) are being actively marketed and interest has been shown in both.

For information only



© 2013 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grant.thornton.co.uk