

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**21<sup>ST</sup> APRIL 2008**

**1. WORK PROGRAMME AND SCALES OF FEES 2008/09 AND  
INDICATIVE FEE PROPOSALS FOR 2009/10 AND 2010/11**

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the Authority note the changes to the Audit Commission's work programme, scale of fees and indicative fee proposals for 2008-2011.

**2. PURPOSE OF REPORT**

This report is submitted to inform Members of the outcomes of the consultation from the Audit Commission concerning their proposed work programme and fees for the next three years 2008-11.

**3. BACKGROUND**

3.1 Between November 2007 and January 2008 the Audit Commission published a consultation document to local government, including Fire and Rescue Authorities outlining their work programme and fee proposals for 2008-2011.

3.2 The Authority responded to this consultation paper in February 2008, expressing concern with the proposed increases in costs year on year and the increased burden that would be placed on Fire and Rescue Authorities, with the revised approach to the Use of Resources assessment for 2009.

3.3 The Audit Commission have taken on board the above concerns in addition to those of other Fire and Rescue Authorities and have amended their work programme and fee proposals as follows:

3.3.1 The Use of Resources assessment will incur no fee increase. This assessment process will follow a more risk based approach and the proposed scope of this assessment will be reduced.

3.3.2 The Audit Commission will fund half of the data quality assessment in the first year (2008-09) to establish a baseline. This reduces the fee to £6,750 or 11 per cent. Fees for the following two years will be decided/reviewed once the base line has been established.

3.3.3 The revised indicative increases in fees for 2008-11 are 29 per cent in total, with 11 per cent in 2008-9. This has been reduced from the proposed 54 per cent for 2008-11.

Inspection fees were to be increased in line with inflation, at 2.25 per cent. This has now been revised and increases in fees will be fixed at 1.25 per cent each year over the next three years.

3.3.4 Fees for 2008-09 are set at £57,000 plus a percentage of gross expenditure equal to +0.024 per cent.

3.3.5 Changes to the International Financial Reporting Standards in 2010-11 will impact across the economy and the Audit Commission has ensured an increase for the public sector, which is held at half the level experienced by the private sector. A formal consultation process for these fees will begin in September 2008.

3.3.6 Changes in International Auditing Standards will not have any fee implications for Fire and Rescue Authorities. The Audit Commission have agreed to absorb these additional costs within the existing fee scales by increasing audit efficiency.

3.4 As in previous years the cost of 'inspection' will be met by a fee payable by the Authority and an element funded by CLG grant, the proportion of fees covered by the grant for Fire and Rescue Authorities is currently 100%. This applies to the work undertaken by the Relationship Manager and the Direction of Travel assessment process. The work undertaken as part of the Use of Resources, assessment of accounts and data quality is classed as 'audit' work and is therefore payable by the Authority.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters raised in this report do not relate to a change in policy or of function.

5. **LEGAL IMPLICATIONS**

Section 7 of the Audit Commission Act 1998 and Section 12 of the Local Government Act 1999 places a statutory duty on the Commission to prescribe a scale of fees for the audit of accounts and inspections. Before prescribing any scale of fees it consults audited and inspected bodies, their representative associations and the accountancy profession. Once the Commission has prescribed a scale of fees it becomes payable by the audited or inspected body.

6. **FINANCIAL IMPLICATIONS**

An audit fee increase of 11% in the current year would equate to approximately £8,000, which could be met from within specific provision made as part of 2008/2009 budget process.

**BACKGROUND PAPERS**

Work programme and scales of fees (Response to Consultation), Audit Commission

Work programme and scales of fees 2008-09 and indicative fee proposals for 2009-10 and 2010-11, Audit Commission

F. J. E. SHEEHAN  
CHIEF FIRE OFFICER