

# Auditor's Annual Report on Shropshire & Wrekin Fire and Rescue Authority

2021/22 and 2022/23

October 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 Fire 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 Fire 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



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Fire Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Fire Authority's arrangements under specified criteria. 2020/21 was the first year that we reported our findings in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. We have decided to report a combined commentary on the Fire Authority's arrangements for 2021/22 and 2022/23 because this will allow for our Value for Money assessments to be provided to the Fire Authority during 2023 which supports timely reporting. As part of our work, we considered whether there were any risks of significant weakness in the Fire Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	2022/23 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified.	G No significant weaknesses in arrangements identified.	G No significant weaknesses in arrangements identified.	↔
Governance	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but three improvement recommendation made.	A No significant weaknesses in arrangements identified, but one improvement recommendation made.	A No significant weaknesses in arrangements identified, but one improvement recommendation made.	↑
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but three improvement recommendation made.	G No significant weaknesses in arrangements identified.	G No significant weaknesses in arrangements identified.	↑

<b>G</b>	No significant weaknesses in arrangements identified or improvement recommendation made.
<b>A</b>	No significant weaknesses in arrangements identified, but improvement recommendations made.
<b>R</b>	Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary



## Financial sustainability

The Fire Authority is prudent when undertaking financial planning and this has helped it secure a comparatively healthy position over the medium term. In both 2021/22 and 2022/23 it achieved a surplus on planned revenue expenditure of around £1.1m. The Medium Term Financial Plan indicates that there may be relatively modest deficits in future years, which would be met from reserves set aside for the purpose. Given the ongoing uncertainty around local government financing generally the fire authority is satisfied that small deficits are manageable. The Fire Authority is undertaking significant work in order to meet the government challenge of reducing non pay expenditure by 2% and generating a 3% increase in productivity.



## Governance

The Fire Authority has sound arrangements in place to identify and manage risk, but there is scope to further develop reporting to Members. The Fire Authority changed internal audit suppliers for 2022/23, but both suppliers provided an appropriate service and complied with relevant standards. The Fire Authority responds positively to external regulator reports with His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection reports being particularly positive about the Chief Fire Officer and other senior colleagues.



## Improving economy, efficiency and effectiveness

The Fire Authority reviews Corporate Performance Indicators annually to ensure they remain relevant. Performance is reported to Members throughout the year, with strong action taken where required. The Fire Authority works well with a number of partners, particularly Hereford and Worcester Fire Authority with whom it is in a Strategic Alliance.

### 2021/22

We have completed our audit of your financial statements and issued an unqualified audit opinion on 2 November 2022 following the Standards, Audit & Performance Committee meeting on 1 December 2022. Our findings are set out in further detail on page 21.

### 2022/23

We have completed our audit of your financial statements and issued an unqualified audit opinion on **TBC**, following the Standards, Audit & Performance Committee meeting on 28 November 2023. Our findings are set out in further detail on page 22.



# Use of auditor's powers

We bring the following matters to your attention:

	2021/22	2022/23
<p><b>Statutory recommendations</b></p> <p>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</p>	We did not issue statutory recommendations.	We did not issue statutory recommendations.
<p><b>Public Interest Report</b></p> <p>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.</p>	We did not issue a Public Interest Report.	We did not issue a Public Interest Report.
<p><b>Application to the Court</b></p> <p>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.</p>	We did not apply to the Court.	We did not apply to the Court.
<p><b>Advisory notice</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,</li> <li>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</li> <li>is about to enter an item of account, the entry of which is unlawful.</li> </ul>	We did not issue an advisory notice.	We did not issue an advisory notice.
<p><b>Judicial review</b></p> <p>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.</p>	We did not apply for a judicial review.	We did not apply for a judicial review.

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

All Fire 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 Fire Authority's responsibilities are set out in Appendix A.

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



## Improving economy, efficiency and effectiveness

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



Our commentary on the Fire Authority's arrangements in each of these three areas, is set out on pages 7 to 18.

# Financial sustainability



## We considered how the Fire 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.

## Short and medium term financial planning

The Fire Authority has appropriate arrangements in place for short and medium term financial planning. Prudent assumptions are used when preparing the Medium Term Financial Plan and annual budget. This has resulted in underspends of around £1m in each of 2021/22 and 2022/23. Reserves are sufficient to cover the relatively small deficits forecast, should they materialise.

### Financial planning

The implications of the annual funding settlement in each year are adequately address within the revenue budgets. For example, a one-off Service Grant awarded for 2022/23. The Strategy and Resources Committee recommended to the Fire Authority that £0.2m was added to the Service Transformation Board Staff Reserve in 2022/23, to provide capacity to ensure that the points detailed in the On Call Sustainability Review are adequately resourced. As the settlement for 2023/24 was more favourable than expected, the Fire Authority re-introduced some modest growth into the revenue budget, with priority given to recommendations following the On Call Sustainability Review and to support service delivery and improvement into the medium term.

Growth assumptions are disclosed within the revenue budget and are unchanged for both years. The growth assumptions err on the side of caution. Planning for the Council Tax base has been based on limited growth, as more households are given council tax support which affects the calculation of the base.

The Fire Authority's Medium Term Financial Plan (MTFP) is approved each year and currently covers up to 2025/26. It details scenario planning that has been undertaken on the overall financial position.

The MTFP is reviewed alongside the revenue budget and is amended to reflect any known or potential pressures. There are no plans to relieve short term revenue pressures through use of capital resources.

There are no plans to relieve short term revenue pressures through use of capital resources.

### Scenario analysis

The MTFP details scenario planning that has been undertaken on the Fire Authority's overall financial position. For example, in order to test the financial resilience and ability to adapt to changing conditions, a number of scenarios were developed to test the sensitivity to changes in planning assumptions. These were carried out on a settlement based on that of 2019/20 with inflation, with modelling for later years exemplifying the effects of revenue support grant ending in 2023/24 or 2024/25, and varying pay awards and precept increases. The scenarios enabled Members to assess the impact of the current and possible future financial settlements and to set its precept strategy.

A key cost driver is the number of incidents to which the Fire Authority has to respond. These have decreased in recent years, with a consequential decrease in payments to on-call firefighters. This has led to around £0.25m of savings each year which will be re-directed to ensure future resilience of the on-call capacity.

# Financial sustainability (continued)

## Short and medium term financial planning (continued)

### Reviewing the MTFP

Arrangements are in place to keep the Fire Authority's financial plans under review, this is done through scenario planning within the MTFP, which is reviewed and approved annually, and through quarterly financial performance reports taken to the Strategy & Resources Committee. The purpose of these papers is to present a review of financial performance to date and cover the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

The Fire Authority is also doing a lot of work to meet the nationally set challenges of reducing non pay expenditure by 2% and generating a 3% increase in productivity. Various options being explored, some of which will be included in the next Community Risk Management Plan (CRMP) so that they can be subject to public consultation.

### 2021/22 financial performance

The Fire Authority agreed a revenue budget in February 2021 of £23.473m with an outturn of £22.350m, being an underspend of £1.123m.

### 2022/23 financial performance

For 2022/23 the budget agreed in February 2022 was £24.41m with an outturn of £23.259m, being an underspend of £1.151m. The causes of the underspend in each of the last two years are primarily due to lower borrowing costs as capital projects have been delayed, a reduction in payments to on call firefighters owing to fewer incidents and unexpected grants.

### Financial reporting

Finance reports, while brief, provide high level assurance that budgets are being managed appropriately, highlighting key variances which have arisen in each quarter.

The Fire Authority's performance against key financial and performance metrics is set out in the table below. Capital expenditure has slipped owing to delays with the training facility at Telford, which has been paused while further options are considered.

	2022/23	2021/22
Planned revenue expenditure - Pay	£19.3m	£18.1m
Planned revenue expenditure - Other	£5.1m	£5.4m
Actual revenue expenditure - Pay	£18.8m	£18.2m
Actual revenue expenditure - Other	£4.6m	£4.2m
Planned capital spend	£7.3m	£13.7m
Actual capital spend	£5.5m	£6.1m
Year-end cash position	£4.8m	£7.3m



# Financial sustainability (continued)

## Identifying savings

The Fire Authority has a good track record of delivery savings and is making strong progress to meet the 2% non pay and 3% productivity increase national challenge. Where savings schemes are required these are consulted on through the Community Risk Management Plan (CRMP) process.

The assumptions underpinning the MTFP have proven to be cautious, which has meant that forecast budget deficits have reduced over time. Given the ongoing uncertainty and level of reserves the Fire Authority feels that small forecast annual deficits are manageable. The Revenue Budget Setting Report from February 2023 shows a forecast surplus of £0.246m in 2023/24, a deficit of £0.269m in 2024/25 and a deficit of £0.284m in 2025/26. These deficits, should they crystallise, will be addressed through applying reserves – the Income Volatility Reserve currently stands at £0.68m, so is sufficient for the period of the MTFP.

The Government has set Fire and Rescue Services in England an objective of achieving a 2% efficiency target against non-pay budgets. The Government has been clear that it is not expected for this to be achieved through a reduction in frontline staff, and the resultant savings should be reinvested. The Fire Authority has a good track record of delivering savings as explained in the MTFP.

The Fire Authority is not overly reliant on non-recurrent measures to achieve savings targets, nor making unsustainable planned usage of reserves. Savings are identified through the CRMP process with appropriate consultation and assessment. This process is well underway, with a significant project to obtain and analyse data to inform potential savings for the next CRMP and to meet the 2% non pay and 3% productivity increase national challenge.

Potential savings opportunities are included in the Efficiency and Productivity Plan which is required by the Home Office. This identifies efficiency savings of £0.2m in 2022/23, £0.161m in 2023/24 and £0.1m in 2024/25, all of which are above the 2% non-pay target. Further opportunities are set out. Progress is managed through the "New Ways of Working Group" and findings are included in the base budget review.

## Financial planning and strategic priorities

The Fire Authority has clear corporate priorities which are supported by financial planning.

Corporate objectives are set out in the CRMP. The MTFP and revenue budgets then support this. The process for approving the revenue budget and setting the precept begins in November, when the Strategy and Resources Committee consider the base budget review, committed changes and pay and prices contingency. The process continues with further changes to the revenue budget, approval of the capital programme and outcome of the financial settlement and culminates in setting the precept by the end of February. Investments in services are clearly set out.

### Capital planning

The Capital Strategy is an integrated part of the Fire Authority's strategic planning process and works in conjunction with the CRMP, MTFP and Reserves Strategy. There is a capital reserve in place. The objective of this reserve was to build up funding from revenue savings that could then be used to maximise major capital schemes. The objective is to minimise borrowing and, therefore, committed debt charges in future years. This reserve will be used towards the funding of major improvements at the Telford site.

The Fire Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

The capital programme is reported to the Strategy and Resources Committee. Investments are being made, over a number of years, to either maintain or enhance operational capacity. Where projects are paused, such as the training centre at Telford, there is good reason.

The Revenue Budget Setting report presented each February clearly explains that the revenue costs of the capital programme are reflected in the budget.

# Financial sustainability (continued)

## Financial planning and other operational plans

The Fire Authority recognises the importance of its workforce and has a People Strategy in place which aims to ensure that the workforce remains appropriate. Financial implications are reflected in the budget.

### People

Pay budgets account for more than 75% of the total revenue budget. Ensuring appropriate staffing is critical to service delivery. The Fire Authority People Strategy 2021-2025 is underpinned by four plans, including the Workforce and Resourcing Plan which includes recruitment and reward for staff. Progress is reported in the "People Strategy End of Year Report" to the Strategy and Resources Committee. Financial implications are reflected in the budget.

### Treasury Management

The Fire Authority is clear on the role of treasury management, including the need to ensure appropriate funding is in place for revenue and capital projects, with surplus funds being invested in accordance with the policy.

## Managing risks to financial resilience

The Fire Authority manages financial risks appropriately. Financial plans are cautious and there are sufficient reserves to address any annual deficits that arise.

The Fire Authority incorporates risks into its revenue budget, and these are appropriately disclosed within the revenue budget and MTFP which is presented to the Strategy and Resources Committee before being approved by Full Authority.

The Fire Authority has arrangements in place to manage variances to planned outturn. Quarterly financial performance reports are taken to the Strategy and Resources Committee, the purpose of these papers is to present a review of financial performance to date and cover the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators. These papers report any over/under spend on service delivery in each quarter. The Fire Authority has various reserves in place to help mitigate financial risk, for example, there is an Income Volatility Reserve - This reserve was set up to smooth any volatility or fluctuations in the funding received against estimates in MTFP. The reserve has not been called upon to smooth fluctuations in budget setting since its inception, therefore it was felt prudent to divert some funds to the Major Projects Capital Reserve.

# Financial governance

## Annual budget setting

The Fire Authority has a robust process to ensure that budget holders have a key role in setting the following year budget with cost pressures, planned developments and efficiencies reflected. Members are engaged well in advance of formal budget setting. The Fire Authority engages appropriately with the public.

The budget setting report and MTFP include analysis of trends, sensitivity analysis and scenario planning. The impact on resources available to the Authority is clearly set out.

In our previous report we made an improvement recommendation “Management should continue its programme of investment into identifying new strategies for increased engagement with the public around the budget setting process.” Consultation on the 2022/23 included press releases, social media posts and an online poll. The consultation received over 10,000 responses, with 91% supportive of the 1.99% precept increase. Our recommendation has been addressed.

Internally arrangements for budget setting are robust. The approach is bottom up. The Head of Finance speaks to budget holders in the Autumn, looking at the base budget and whether more funding is needed or any can be taken out. Commitments are included and then any cost pressures are considered, including pay and price increases. Efficiencies are also reflected in the revised budget. The finance team then looks at the Fire Authority wide budget to ensure it is within the financial envelope.

## Budgetary control

The Fire Authority prepares timely financial information for budget holders - at a summary and transactional level, and finance staff meet regularly with budget holders to discuss the reports and any actions. Minutes are kept of meetings and appropriate finance staff are involved or informed of any actions.

Finance reports to Members contain sufficient detail for them to be provided with assurance over budgetary control and that finances are on track.



# Governance



## We considered how the Fire 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 and internal controls

### Risk Management and reporting

**The Fire Authority has appropriate arrangements in place to identify and manage risks. However, reporting of risks to Members needs further development. The improvement recommendation we made in our previous report has not been adequately addressed.**

Risks are updated by their respective risk owner on a regular basis and reported to Risk Management Group (RMG) and the Performance and Risk Group (PRG). The Corporate Risk Register report to Standards, Audit & Performance Committee (SAP) sets out the risk, category, owner, date raised, controls in place to mitigate the risk, risk rating, direction of travel and action history. In December 2021 there were seven risks reported, which is an appropriate number to enable oversight. However, not all of the risks appear to be ones which we would expect to see - for example - the impact of governance changes through the Police & Crime Act is scored only "1" and is outside the control of the Authority. There are two further risks around fitness standards.

The report to the September 2022 SAP meeting contains only one risk - "One new risk has been added to the corporate risk register since the last SAP update which relates to the Government White Paper on Fire Reform." The report to the April 2023 meeting also contains only one risk - "Planned rolling power outages at stations" - which the report states is an annual risk. It is reported as it has been downgraded as the likelihood has decreased.

The Risk Management Annual Report to the Authority in June 2023 provides an update of activity through the year and includes a summary of 12 risks.

Only reporting new or risks that have changed means that there is no consistency in what is reported to each SAP meeting and it is also unclear the impact the risk would have on achieving the Fire Authority's strategic aims.

While this approach has been agreed with Committee, there is a risk that risks "slip off the radar" if they are not reported for a number of meetings. Members need to be assured that action is being taken on all risks. In our previous report we made an improvement recommendation that "Management should consider a more formalised alignment of risks to strategic corporate objectives within its Corporate Risk Register." This remains an area for improvement and we have made a recommendation.

The Fire Authority should further enhance its risk management arrangements by:

- 1) Linking corporate risks to strategic aims.
- 2) Ensuring that only appropriate risks are included on the corporate register - for example those which will have an impact on achievement of strategic aims and are scored as such (we would not expect to see risks scored as 1 or 2 reported).
- 3) Ensuring that, while focus remains on risks which have changed, other risks are also reported to ensure that Members remain sighted on them and can instigate action where there is no movement over a longer period of time.

# Governance (continued)

## Internal Audit

### 2021/22

Internal Audit was provided by Shropshire Council which confirmed it complies with the Public Sector Internal Audit Standards. Five reports were issued in year - payroll, financial system, risk management & business continuity, corporate governance and recommendation follow-up. Owing to resourcing challenges with the Fire Authority the IT Application audit could not be completed. 11 recommendations were made. Coverage is appropriate for a fire authority.

Our prior year report made an improvement recommendation "Management should prioritise resolution of long term outstanding Internal Audit recommendations, particularly those assessed as high priority". The December 2022 Internal Audit report notes that in July 2021 25 recommendations were outstanding. By November this had decreased to 16, of which 14 were "Significant". By April 2022 there were six - all "significant". The Head of Internal Audit annual report notes that a review of recommendations outstanding from 2019/20 found significant progress in implementing 18, with only three unaddressed, with actions plans in place for these. We can see that our recommendation is being addressed.

	2022/23	2021/22
Annual Governance Statement (control deficiencies)	None	None
Head of Internal Audit opinion	"generally adequate"	"reasonable assurance"

The Fire Authority's performance against key governance metrics is set out in the table above.

### 2022/23

From 1 April 2022 internal audit has been provided by Worcestershire Internal Audit Shared Services (WIASS) which has confirmed it complies with the Public Sector Internal Audit Standards. Seven reports were issued in year, covering the areas we would expect and fully delivering the agreed audit plan. No major issues were reported. WIASS have been appointed as internal auditors for 2023/24 and presented a plan to SAP in April 2023.

### Informed decision making including the Audit Committee

The Fire Authority has appropriate arrangements in place to ensure that all relevant information is provided to decision makers. For example, the "Revenue Budget and Precept 2022/23" report to extra-ordinary Full Authority on 23 February 2022 sets out the financial implications of not increasing council tax by the 1.99% proposed. There is sufficient detail for Members to be properly informed. The discussion lasted nearly two hours with numerous clarification questions from Members, which officers addressed. The proposal was passed on a vote.

Service user feedback is taken into account when significant service changes are proposed. These tend to be very limited and need to be agreed through the CRMP. This is subject to extensive consultation, including around response times and resource deployment. The consultation lasted 12 weeks, including questionnaires, focus groups and direct representations to the Authority.

### Standards and behaviours

The Fire Authority has appropriate arrangements in place to monitor compliance with legislation and regulatory standards and to communicate to its staff what behaviours are expected of them. This includes annual review of the Code of Corporate Governance, which then forms the basis of the Annual Governance Statement and consideration and adoption of best practice guidance in terms of Member conduct.

The Fire Authority has appropriate arrangements in place to demonstrate leadership by senior officers and members. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection in 2021/22 commented "The chief fire officer and other senior officers in the service have a strong purpose and have shown leadership in prioritising the values and culture in the organisation. This is evident from the effective measures the service has put in place to look after its people."

The Fire Authority responded very quickly to publication of the national "HMICFRS Values and Culture Report: Recommendations and Approach" with a report, setting out the Fire Authority's response, to April SAP. A further report was presented to Full Authority in June, with good progress being made. This demonstrates the commitment to establishing a good culture and leadership.

# Improvement recommendations



## Governance

### Recommendation 1

The Fire Authority should further enhance its risk management arrangements by:

- 1) Linking corporate risks to strategic aims.
- 2) Ensuring that only appropriate risks are included on the corporate register - for example those which will have an impact on achievement of strategic aims and are scored as such (we would not expect to see risks scored as 1 or 2 reported).
- 3) Ensuring that, while focus remains on risks which have changed, other risks are also reported to ensure that Members remain sighted on them and can instigate action where there is no movement over a longer period of time.

### Audit year

2021/22 and 2022/23

### Why/impact

Only reporting new or risks that have changed means that there is no consistency in what is reported to each meeting. There is a risk that risks "slip off the radar" if they are not reported for a number of meetings. It is also unclear the impact the risk would have on achieving the Fire Authority's strategic aims

### Auditor judgement

The Authority has appropriate arrangements in place to identify and manage risks, but needs to strengthen arrangements in place for reporting to Members.

### Summary findings

**The recommendation we made in our prior year report has not been adequately addressed.**

### Management Comments

Members were previously presented with the full corporate risk register at each SAP meeting. However, due to the static nature of some of the risk entries, Members requested to only receive reports on risks that have changed their direction of travel during each reporting period. Members still receive a report of the complete register on an annual basis. Officers will discuss with Members whether to revert to the previous reporting basis or suggest the full register is reported every 6 months rather than annually.

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

# Improving economy, efficiency and effectiveness



## We considered how the Fire 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.

## Use of financial and performance information

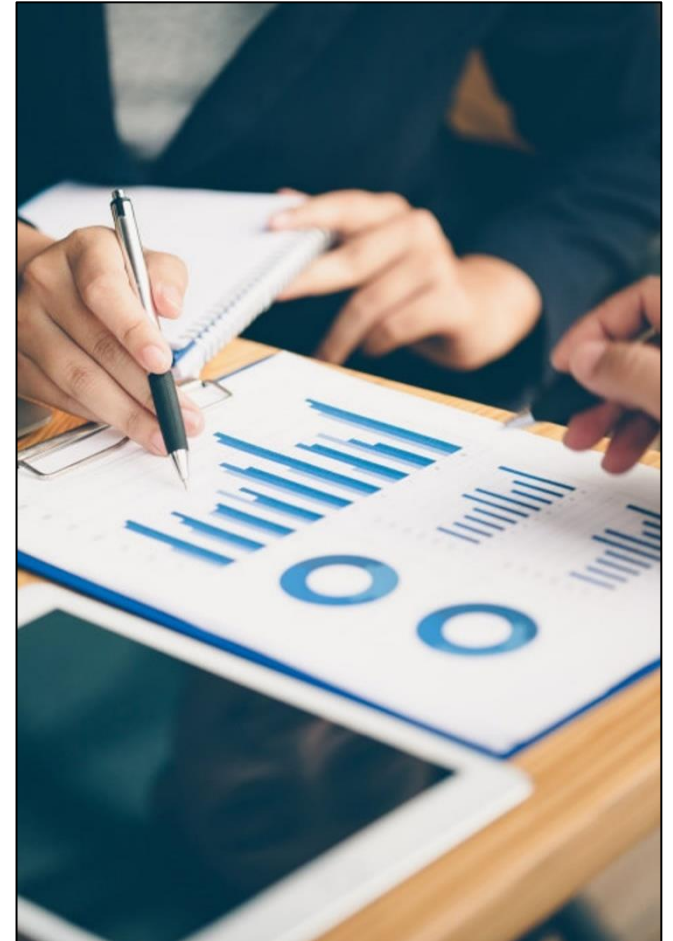
Reporting of Corporate Performance indicators is appropriate, with corrective action being taken and clear reporting of trends and causes of incidents.

In March 2021 the Fire Authority approved a proposal to refresh the measuring and reporting of corporate performance indicators (CPIs). There are now nine which are approved each year, including appropriate tolerances, by the Strategy and Resources Committee, which also receives a mid-year report. The annual review ensures that the indicators remain relevant and achievable but challenging. SAP Committee receives quarterly reports. The reports provide clear reporting, with an explanatory narrative on any actions being taken.

The same arrangements were in place for 2022/2023.

On the next page we include the CPIs for 2022/23 and an example of the thorough and robust action the Fire Authority takes to understand and then address areas where performance is below expectations.

The Fire Authority obtains assurance over the accuracy of financial information reported in year through internal audit reviews of the finance system. Performance data includes information provided by HMICFRS and other bodies, including the Home Office. The Authority also undertakes internal checks to understand the reliability of data being used.



# Improving economy, efficiency and effectiveness (continued)



## Corporate Performance Indicators

The Corporate Performance Indicators (CPIs) for 2022/23 were agreed by the Strategy and Resources Committee at its meeting on 18 March 2021. These were:

- All fires (CPI 1)
- Accidental dwelling fires (CPI 2)
- Deliberate fires (CPI 3)
- Fire related deaths and serious injuries (CPI 4)
- Fires confined to room of origin (CPI 5)
- Injuries sustained to staff through operational activity (CPI 6)
- Response standard - monitored against 3 categories of Urban, Town & Fringe and Rural. (CPI 7)
- Fires in regulated buildings (CPI 8)
- Diversity, Establishment and Firefighter Competence (CPI 9)



## Example of action taken to address adverse performance

In respect of CPI.4 - Fire Related Deaths and Serious Injuries – the year end report to July 2023 SAP states “*End of year statistics shows 6 fire related deaths in accidental dwelling fires, 1 accidental fire related death in a vehicle and 2 serious injuries. This is the highest number of fatalities since 2020 when the Service saw the multiple fatalities in two house fires one in Sutton Hill and one in Leegomery (Telford).*” Following a review of each case, the Fire Authority has undertaken a number of actions:

- An approach to Adult Social Care at both Telford & Wrekin and Shropshire Councils to request that they reconsider their approach and include the Safe and Well as part of their commissioning and make mandatory.
- An approach to GP surgeries to work in partnership with the Service.
- Work has commenced with Caxton Surgery Oswestry.
- Approach has been made to Market Drayton Medical Practice Board.
- Staff to be trained to have greater awareness of emollient creams and air flow mattresses.
- To have some advice and guidance around emollient creams and air flow mattresses to leave with the occupier after a Safe and Well visit.
- To continue to work alongside Care Organisations that provide care at home and encourage more care organisations to work in partnership with the Service.

## Learning from others and from regulators

The Fire Authority has appropriate arrangements in place to learn from other fire authorities, primarily Hereford and Worcester, with whom it is in an alliance. Learning and sharing good practice includes asset management software, joint procurement opportunities and developing common attendance standards to enable comparisons to be made.

The Authority responds positively to reports from the inspectorate - His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). The latest inspection, published in July 2022 noted "It is pleasing to see that the service has made progress since our 2018 inspection. The service has further improved the good levels of performance found last time. It has enhanced its arrangements for protecting the public through fire safety regulation. It has also improved how well it develops leaders and capability within the service." The Authority developed an action plan to each of the 16 recommendations.

The Authority has also worked quickly to progress the recommendations arising from the national HMICFRS Values and Culture Report.



# Improving economy, efficiency and effectiveness (continued)

## Assessing performance and identifying improvement

The Fire Authority has appropriate arrangements in place to review and challenge strategic priorities and cost-effectiveness of existing activities through the CRMP process. Proposed changes are then consulted on as appropriate.

The nature of the services it provides, and need to make changes through the CRMP, means that the Fire Authority has limited scope to look at lower cost options. However, through the latest CRMP it has consulted on planned changes to better deploy resources. The Fire Authority is also looking at the resources needed to deliver services, for example, high altitude rescue, and whether this can be achieved more cost effectively.



## Fire Authority visions and aims for 2021-25

### Vision

Making Shropshire Safer

### Purpose

Save and protect life, property and the environment from fire and other emergencies.

### Core Values

The Service fully supports the national fire and rescue core values of:

- Service to the community
- Valuing people
- Valuing diversity
- Valuing improvement at all levels

### Aims

- To be able to respond to emergencies in an appropriate time with a professional, competent and equipped team
- To reduce the number of fire related deaths and serious injuries
- To work with partners to reduce other relevant risks
- To mitigate against harmful impacts on the environment
- To develop our culture to be more purposefully diverse and inclusive, deliberately developmental and intentionally innovative.

# Improving economy, efficiency and effectiveness (continued)

## Partnership working

The Fire Authority has strong arrangements in place for working with a number of partners.

The Fire Authority has a number of partners, but the key one is Hereford and Worcester Fire Authority with whom it is in a strategic alliance with four priority projects:

- to review the future requirements for the fire control mobilising command and control function
- to develop organisational arrangements for ICT functions
- to prepare options for aligning the community risk management plan (CRMP) process for HWFRS and SFRS
- to review procurement strategies within both Services to examine the potential for alignment.

Reports set out progress in each of these areas. There is an action plan underpinning delivery, with reporting to Full Authority.

The Fire Authority has appropriate arrangements in place to ensure that Members are informed of the key partnerships and the work they are doing. The "Annual Report on Collaborative and Partnership Working" report to June 2022 Authority explains *"The Service is involved in partnerships, which are risk assessed for liability and reputation by the Service's Risk Management Group. The Service maintains a Partnership Register, which is reviewed by the Service Management Team to monitor the outcome and productivity of each of the partnerships."* The report sets out some of the partnerships and the work being done with them, as well as the Fire Alliance.

Within the strategic alliance there are several examples of how the two authorities have worked together to share information in order to identify common challenges and solutions.

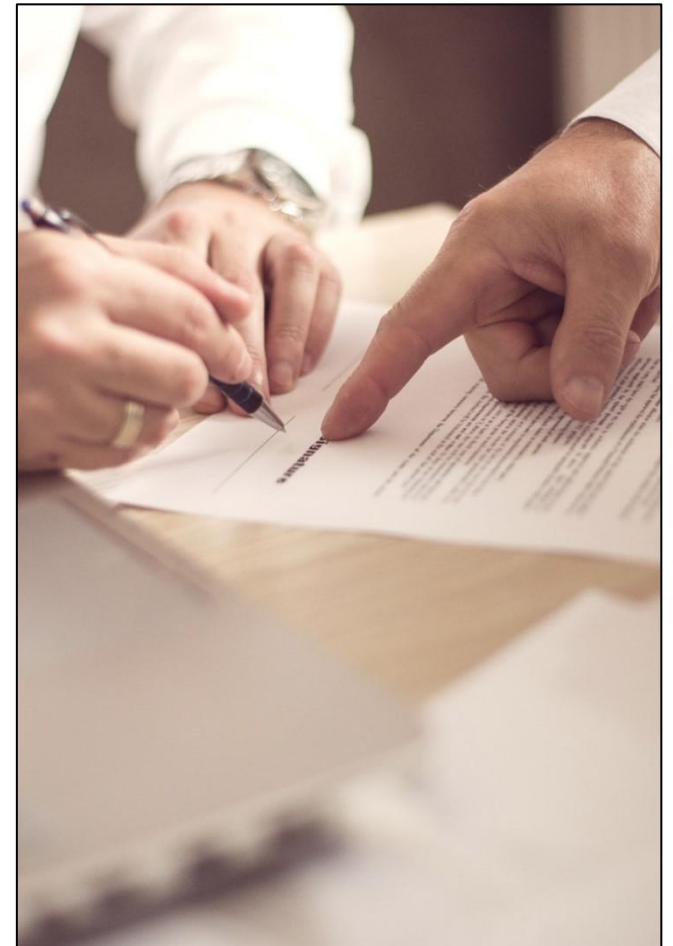
The Fire Authority is working with partners, including police, ambulance and health, to understand how the fire authority can better support them in addressing their capacity challenges - recognising that the Fire Authority emergency resources are used for around 5% of the time, so there is capacity for other activities or services to be provided to help the wider community.

## Commissioning and procurement

The Fire Authority has appropriate arrangements in place when undertaking procurement. This includes using appropriate frameworks or external support, with the Fire Authority undertaking tender evaluation and award.

The Fire Authority website sets out the approach to procurement and includes an up to date Contracts Register. The Procurement Policy Overview Brigade Order which is available internally on a Sharepoint site provides appropriate guidance.

Internal Audit completed a review of the Fire Authority procurement arrangements, reporting in December 2022. This provided "Significant" assurance, with some low level recommendations, mainly around information contained in the Contracts Register.



# Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	Management should consider a more formalised alignment of risks to strategic corporate objectives within its Corporate Risk Register.	Improvement	March 2022	The Authority response proposed adding strategic objectives to other risk categories. We have identified that the reporting of strategic risks has become less consistent, with only changes or new risks being reported. While this is agreed with Members, it makes oversight of risk management far more difficult. Risks are still not aligned to corporate objectives.	No	Yes – we have made an improvement recommendation on page 14.
2	Management should prioritise resolution of long term outstanding Internal Audit recommendations, particularly those with a high priority.	Improvement	March 2022	SAP receives progress reports at each meeting which set out progress on implementing agreed recommendations. The December 2021 report notes that in July 2021 25 recommendations were outstanding. By November this had decreased to 16, of which 14 were "Significant". By April 2022 there were 6 - all "significant". The Head of Internal Audit annual report notes that a review of recommendations outstanding from 2019/20 found significant progress in implementing 18, with only three unaddressed, with actions plans in place for these.	Yes	No
3	Management should continue its programme of investment into identifying new strategies for increased engagement with the public around the budget setting process.	Improvement	March 2022	The Revenue Budget & Precept 2022-23 report to the Authority in February 2022 sets out the consultation in regard to the proposed precept increase of 1.99%. This included press releases, social media posts and on line poll. There were over 10,000 interactions.	Yes	No

# Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
4	Continue to work proactively with partner organisations to bring data sharing up to date and reduce the backlog in prevention visits to vulnerable individuals or households.	Improvement	March 2022	The Authority response noted that work on data sharing agreements was not a priority, but that the safe and well backlog would be reduced. This indicator is no longer reported within the revised suite of indicators, which are agreed annually.	Yes	No
4	Management should continue its focus on the data analytics in relation to performance monitoring and management, working to bring data for all metrics into a central location.	Improvement	March 2022	The Authority response noted that work to migrate data to the warehouse and link additional systems was ongoing. The Authority utilises appropriate data in order to report against the agreed Corporate Performance Indicators.	Yes	No
6	<p>In relation to reporting on its "Take Stock, Catch Up and Forge Ahead" programme, management should consider the following:</p> <ul style="list-style-type: none"> <li>- Expand reporting to take into account direction of travel;</li> <li>- Include a further analysis by impact / priority into the summary level dashboard analysis (with the possibility introduction of risk or impact scoring) and review the number of high impact / high priority items to determine whether any may be downgraded;</li> <li>- Enhance processes and controls around amendments to the underlying records and reconciliations to the dashboard level summary.</li> </ul>	Improvement	March 2022	The Authority response noted that the performance monitoring exercise would be coming to an end shortly. However, lessons learned and benefits would be carried forward. The Authority has revamped its performance and risk management reporting.	Yes	No

# Opinion on the financial statements for 2021/22



## Audit opinion on the financial statements

We gave an unqualified opinion or we qualified the opinion on the Fire Authority's financial statements on **xx xxxx 2023**.

## 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 Fire Authority's Standards, Audit & Performance Committee on **xx xxxx 2023**.

## 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 Fire 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 Fire 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:

- Kjdsfj
- Fjhsfho
- Dsjfhfoi

## 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



# Opinion on the financial statements for 2022/23



## Audit opinion on the financial statements

We gave an unqualified opinion or we qualified the opinion on the Fire Authority's financial statements on **TBC**.

## Other opinion/key findings

**TBC**

## Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Fire Authority's Standards, Audit & Performance Committee on 28 November 2023.

## 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 Fire Authority. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

**TBC**

## Preparation of the accounts

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

## 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 Fire 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.

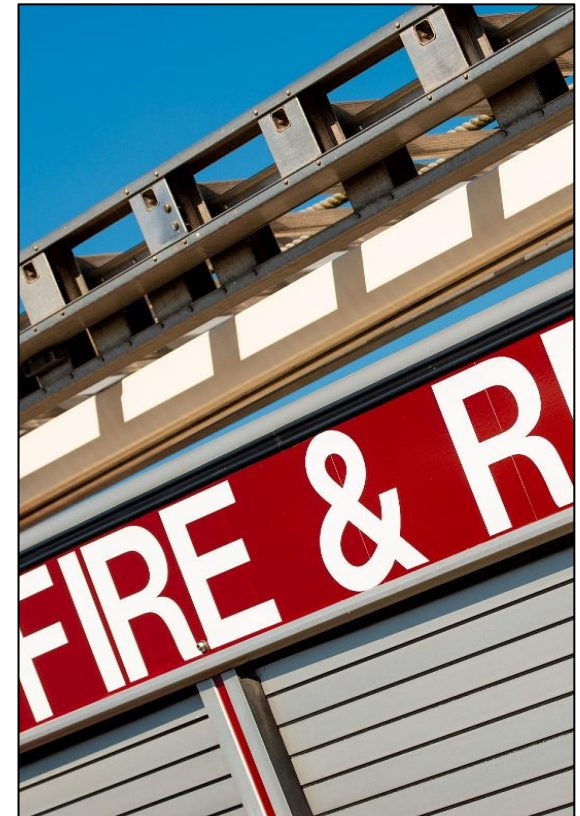
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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 Fire 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 Fire Authority will no longer be provided.

The Fire 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 Fire Authority’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Fire Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Fire Authority. We have defined these recommendations as ‘key recommendations’.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Fire Authority, but are not a result of identifying significant weaknesses in the Fire Authority’s arrangements.	Yes	14

