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Darran Gunter
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Date: 17th October 2014

Dear Simon and Darran,

Internal Audit review of the methodology used to appraise potential WFRS savings from greater collaboration with Swindon and Wiltshire Councils

Introduction

Swindon Internal Audit Section was asked to carry out a high-level review of the process used to identify potential savings from greater collaboration between Wiltshire Fire and Rescue Service and Swindon and Wiltshire Councils (Option 1 of the "Strengthening our Fire and Rescue" consultation). As part of this review, we have also been asked to provide assurance on the method used to identify proposed general reserve balances for a combined Wiltshire and Dorset Fire Authority.

As requested the reviews have focused on the methodology used in both cases but have not included an appraisal of the reasonableness or accuracy of savings figures or balances. Simon Phillips (Senior Auditor) carried out the reviews.

Summary of Findings

In summary, the auditor found that the Joint Strategic Review of Corporate Partnership Savings project team had followed a robust process to identify and evaluate potential savings. Their work built on analysis already undertaken as part of the Strategic Options Appraisal that was presented to the CFA in June 2014.

As a number of the costs and savings attributable to closer working with Wiltshire and Swindon Councils are based on the best professional judgement of officers, there will always be an element of subjectivity in this type of analysis. However, the analysis of options was undertaken by a sufficiently experienced and qualified project team comprised of officers from the Fire Authority, Wiltshire Council, Swindon Borough Council and Wiltshire Police. The appraisal took place over a number of months, with progress and findings discussed at monthly project team meetings.

In addition, the Auditor found that the process used to identify proposed general reserve balances was robust and was based on a risk assessment of potential exceptional budget pressures in 2015/16, carried out by Chief Finance Officers of both organisations.

Detailed Findings

The detailed findings of this audit review are as follows:

- 1) The project group appraised potential areas for savings, selecting rationalising WFRS properties and back-office services as the areas likely to generate the highest levels of savings through greater working with local partners. As a Service priority is to safeguard budgets for front-line services, the areas that were selected for more detailed review were appropriate as they represent some of the most significant areas of non-operational revenue expenditure.
- 2) A significant amount of work went into identifying estates costs, potential capital receipts and costs of relocating facilities to Council owned campuses, including engagement of external consultants. The analysis shows that timings of availability of required properties, impact on community risk profiles and the cost of relocating facilities makes these options unrealistic to implement.
- 3) Figures on back-office staffing costs have been provided to Wiltshire and Swindon Borough Council Finance staff, who have analysed the opportunities for closer working and savings that could arise. The savings from Swindon have been stated to be minimal and Wiltshire Council estimates approximately £0.34m to £0.56m in potential savings, which would be split between Wiltshire and WFRS.
- 4) An independent exercise by Wiltshire Council identifies that approximately £744,000 of savings could be achieved by WFRS from closer working, with a lesser amount of savings also attributable to Wiltshire Council. The projected savings figure for WFRS is similar to the figure in the original Strategic Options Paper presented to the Combined Fire Authority in June 2014 (£712,000). Although different approaches to identifying savings and assumptions have been made by the two organisation's Finance sections, the similar overall balances identified does support the original figure for Fire to Council savings identified in the original Strategic Options Appraisal.
- 5) No options presented generate significant enough savings to match the £3.7m projected from a Fire to Fire Merger. In addition, Wiltshire and Swindon Council Finance staff agreed that many of savings attributable to Fire to Council closer working would still be achievable even if the Dorset combination goes ahead.
- 6) Calculation of the general reserves figure for a combined Wiltshire and Dorset Fire Authority has followed key principles in CIPFA's "Local Authority Reserves and Balances" guidance, issued in July 2014. The exercise to identify required balances has been undertaken by the Chief Finance officers of both organisations, identifying contingencies for specific items based on formal risk assessments of potential

exceptional expenditure in 2015/16. Both Chief Financial Officers have scrutinised each other's risk assessments, to ensure they are robust.

I hope the above assurance meets your requirements. If you have any queries please do not hesitate to contact me to discuss.

Yours sincerely,

Nick Hobbs
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