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23 June 2014

Dear Phil

Proposed combination of Wiltshire & Swindon and Dorset Fire Authorities

Thank you for your time last Thursday when we met to discuss the proposed combination of the two fire authorities. It was very helpful to be briefed on the approach that has been followed by the two fire authorities, through the work overseen by the Combination Board, in relation to proposed merger. I have subsequently updated my colleague Harry Mears, who is KPMG's engagement lead for the audit of Dorset Fire Authority, and I am copying this letter also Derek James at Dorset Fire Authority.

KPMG has not yet undertaken any detailed work in relation to the merger activity and supporting arrangements, so I cannot yet comment on any detailed points. However, I was reassured by the comprehensive and structured approach that has clearly been followed in preparing the business case. In particular, it was useful to walk through the way in which the financial costings and anticipated savings figures have been derived. I also note that you have asked South West Audit Partnership (SWAP), the internal auditors for Dorset Fire Authority, to undertake a review of the financial costings model and that SWAP have reported positively in this regard.

As well as being relevant to our financial statements audit work, it is particularly useful for us to keep abreast of progress on this project to inform our value for money audit responsibilities. Like many public sector bodies, the two fire authorities face significant financial pressure which, in Wiltshire & Swindon's case, involves a considerable draw on reserves over the medium term under current plans. I note that the proposed merger represents a significant element of how the fire authorities' projected budget gaps will be addressed, with the potential for further savings also arising subsequent to the merger should this go ahead. I note also that a detailed strategic options appraisal was undertaken to consider the savings potential from other possible actions. Regardless of which option is ultimately chosen, it is clear that significant action is required in order to address the financial pressures that will arise in the future.



We will, of course, continue to monitor progress on this matter so please do keep us apprised. We will also consider what further work we may need to undertake to fulfil our audit responsibilities, as it is important that we provide sufficient attention and coverage to this significant project. This will most likely impact on our 2014/15 audit, so we will discuss this with you in due course.

Please do get in touch if there is anything you would like to discuss further.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Darren Gilbert'.

Darren Gilbert
Director

cc: Harry Mears (Director, KPMG LLP)
Derek James (ACO Organisational Resources, Dorset Fire & Rescue Service)