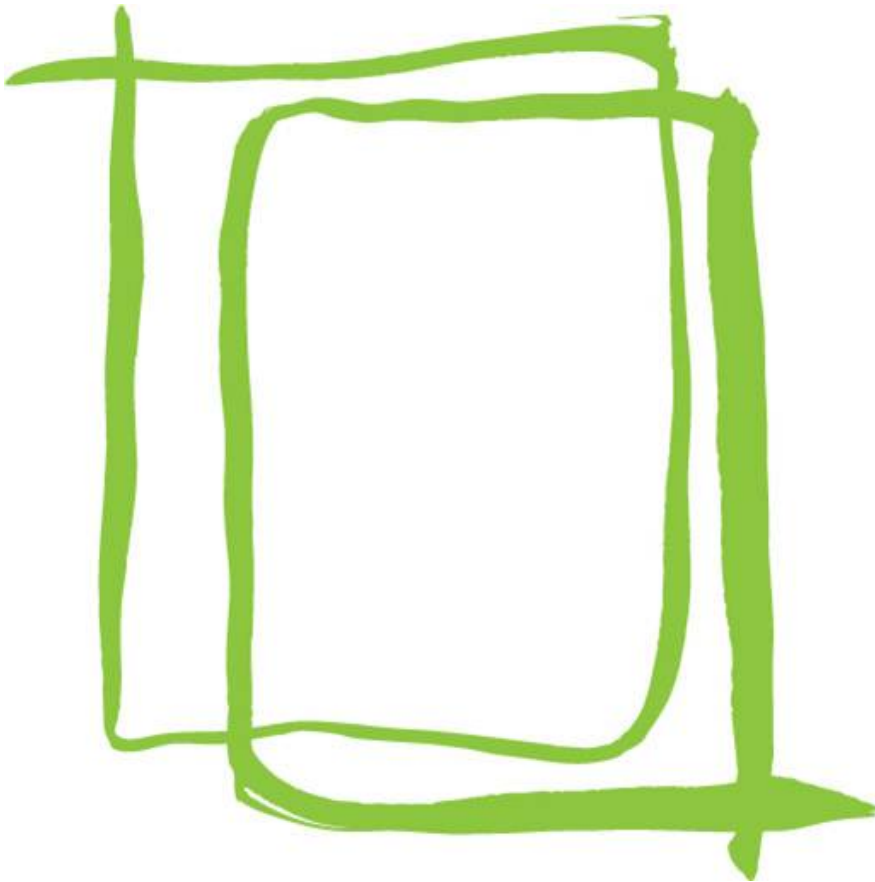


Use of Resources

Cleveland Fire Authority

Audit 2008/09

November 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Summary

This report summarises key findings from my assessment of how Cleveland Fire Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.

- 1 Cleveland Fire Authority's overall use of resources score notified by the Audit Commission is level 2, meets minimum requirements – performs adequately.
- 2 The Authority achieved a level 3 score for one use of resources theme - managing finances (level 3 is exceeds minimum requirements – performs well) - and achieved a level 2 score for governing the business and managing resources.
- 3 Within the detailed assessment of eight key lines of enquiry, there were four level 3 scores and four level 2 scores. The level 2 assessments were in respect of financial reporting, commissioning & procurement, use of information and workforce.
- 4 The arrangements in place for the Authority and Brigade have contributed towards strong outcomes. For example, there has been a 20 per cent reduction in deliberate primary fires compared to a national average reduction of 15 per cent, Cleveland is one of only three brigades to carry out home fire safety visits in over 30 per cent of the homes in their area, there has been the largest reduction nationally in accidental dwelling fires at 58 per cent and the percentage improvement in the majority of performance indicators is more than the national average.
- 5 However, the current economic climate is difficult and tight financial settlements can be expected in future. The challenge is to continue to identify savings and efficiencies, to refocus resources into priority areas, and generally deliver better outcomes using fewer resources.
- 6 Reporting to the public has improved, but there is scope for further development in this area. For example, the Authority continues to critically review its Annual Report and is re-launching its external website to improve accessibility and sharing of information. There is scope to develop a strategic approach to commissioning and procurement in order to further maximise value for money. In order to review the Brigade's Data Quality Policy thoroughly a full review of systems and processes has begun in 2009. The review is in the early stages. There is a lot of good action in relation to the workforce and workforce planning but outcomes and targets remain challenging. There is likely to be significant on-going organisational change.
- 7 A summary of our findings against each theme are set out on the following pages, with more detail provided in Appendix 1.

Introduction

- 8 This report sets out my conclusions on how well Cleveland Fire Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and gives scored use of resources theme judgements.
- 9 In forming my scored theme judgements, I have followed the methodology set out in the [use of resources framework: overall approach and key lines of enquiry \(KLOE\) document](#) and the use of resources [auditor guidance](#).

Use of resources framework

- 10 From 2008/09, the new use of resources assessment forms part of the [Comprehensive Area Assessment \(CAA\)](#) and comprises three themes that focus on:
- sound and strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people.
- 11 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated consistently.
- 12 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 13 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

Table 1 **Levels of performance**

Level 1	Does not meet minimum requirements – performs poorly
Level 2	Meets only minimum requirements – performs adequately
Level 3	Exceeds minimum requirements – performs well
Level 4	Significantly exceeds minimum requirements – performs excellently

Source: [use of resources framework: overall approach and KLOE document](#)

Use of resources judgements

Scored judgements

14 Cleveland Fire Authority's use of resources theme scores are shown in Table 2.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgements
Managing finances How effectively does the organisation manage its finances to deliver value for money?	3
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	2
Managing resources How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?	2

Managing finances

- 15 The arrangements in place for managing finances, including robust financial planning linked to service planning processes, have contributed towards strong outcomes. For example, there has been a 20 per cent reduction in deliberate primary fires compared to a national average reduction of 15 per cent, Cleveland is one of only three brigades to carry out home fire safety visits in over 30 per cent of the homes in their area, there has been the largest reduction nationally in accidental dwelling fires at 58 per cent and the percentage improvement in the majority of performance indicators is more than the national average. These outcomes have been achieved against a background of a tight financial settlement and limited reserves.
- 16 The Authority understands its own costs well and has made significant efficiencies without adversely affecting performance. It has used the Rising to the Challenge tool to demonstrate that compared to other services it is 'delivering more for less' through a risk based approach to delivering efficiencies and to highlight areas for further improvement. Cost information is an integral part of strategic decision making and this is demonstrated in for example the development of the Integrated Risk Management Plan (IRMP) and asset management plans. The Authority has improved its governance in relation to partnership working.

- 17 Financial reporting arrangements are sound. Financial monitoring is effective and the Authority can link its financial decisions to improvements in performance and service outcomes. The arrangements for producing the statutory financial statements are effective. Reporting to the public has improved, but there is scope for further development in this area. For example, the Authority continues to critically review its Annual Report and is re-launching its external website to improve accessibility and sharing of information.

Table 3 Managing finances scores

Area	Score	Overall theme score
KLOE 1.1 Financial planning	3	Level 3
KLOE 1.2 Understanding costs	3	
KLOE 1.3 Financial reporting	2	

Governing the business

- 18 The Authority is delivering activities with positive outcomes for local people particularly those who are vulnerable. There are a number of examples of targeted activity but there is scope to develop a strategic approach to commissioning and procurement in order to further maximise value for money. The current PFI scheme being explored to provide a new headquarters and new fire stations provides a significant challenge over the next few years.
- 19 There is good monitoring of performance, including a quarterly performance report. Key indicators are analysed to identify areas of the community that require extra resources to reduce high risk. In order to review the Brigade’s Data Quality Policy thoroughly a full review of systems and processes has begun in 2009. The review is in the early stages.
- 20 The Authority has adopted, promoted and demonstrated the principles of good governance. There is a strong ethical framework and culture. In addition to the sound arrangements, there is no evidence of any governance failings. We have recently carried out an ethical governance survey and this reinforces the view that robust governance arrangements are in place.
- 21 Risk management is well developed and there is a strong framework of internal control. There are arrangements in place to prevent and detect fraud and corruption and these appear to be operating effectively.

Use of resources judgements

Table 4 Governing the business scores

Area	Score	Overall theme score
KLOE 2.1 Commissioning and procurement	2	Level 2
KLOE 2.2 Data quality	2	
KLOE 2.3 Good governance	3	
KLOE 2.4 Risk management and internal control	3	

Managing resources

- 22 This year's assessment of managing resource is based on workforce alone.
- 23 Strategic planning is in place linked to staff development plans, and succession planning is also in place. There is a strong commitment to workforce planning with a strategic plan being developed on a local and regional basis. The Authority is achieving against the National Equality Framework. The IRMP sets out the short to medium term direction for the service and the organisation has completed the first phase of a restructure to align resources with the requirements of the IRMP. The Authority needs to further consider the impact of existing policies, processes and actions in order to make further improvements. There is a lot of good action in relation to the workforce and workforce planning but outcomes and targets remain challenging. There is likely to be significant on-going organisational change.

Table 5 Managing resources scores

Area	Score	Overall theme score
KLOE 3.1 Sustainability	Not assessed this year	Level 2
KLOE 3.2 Asset Management	Not assessed this year	
KLOE 3.3 Workforce	2	

Detailed findings

- 24 The key findings and conclusions for the three themes, and the underlying KLOE, are set out in Appendix 1.

Use of resources 2009/10

- 25 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion.
- 26 KLOE 3.1 - Natural resources will be assessed for the first time for fire authorities in 2009/10. KLOE 3.2 - Asset management and KLOE 3.3 - Workforce will not be assessed for 2009/10.

Changes to the use of resources assessment for 2009/10

- 27 To provide certainty and clarity about the assessment framework in year 2, the Commission will make minimal changes to it for 2009/10. In particular, it will make no changes to the KLOE, and it will only update the guidance to reflect statutory changes, changes in professional requirements, or to make it clearer. We will also take a more proportionate and risk based approach to use of resources. To that end the 2009/10 assessment will build on the work done to support the 2008/09 assessment, which established a baseline against which auditors will assess progress.
- 28 The Commission will publish examples of strong performance and outcomes to support learning for the 2009/10 assessment.
- 29 The Commission is currently undertaking a post-implementation review of use of resources which will consider the need for more substantial changes for the 2010/11 assessment. This will seek to maximise the impact of the assessment whilst ensuring a proportionate approach.
- 30 The Commission plans to phase bringing forward the timeline for auditors to complete their assessment so they complete most of their work by the end of the financial year to which the assessment relates. This is to reduce the overlap with the final accounts audit and smooth the workload to decrease the burden on auditors and audited bodies during September. For 2009/10, national quality assurance will start at the beginning of August, providing more opportunity for audited bodies to share any significant examples of outcomes identified after the area challenge than allowed for in 2008/09.

Table 6 Key timeline for the 2009/10 assessment

Key stages	Deadline for fire authorities
Submission of indicative scores by the auditor, prior to area challenge process	by 21 April 2010
Submission of final scores by the auditor	by 30 July 2010
National Quality Assurance Process	by 27 August 2010

Appendix 1 – Use of resources key findings and conclusions

- 1 The following tables summarise the key findings and conclusions for each of the three use of resources themes. This is set out for each of the ten KLOEs (only eight applied in the 2008/09 assessment).

Table 7 Theme 1 - managing finances

Theme 1 score	3
Theme summary	
<p>Good financial management in light of tight financial settlement, with efficiencies being achieved and improvement in most key PIs. Good engagement and financial governance.</p> <p>The Authority understands its own costs well and has made significant efficiencies without adversely affecting performance. It has used the Rising to the Challenge tool to demonstrate that compared to other services it is 'delivering more for less' through a risk based approach to delivering efficiencies and to highlight areas for further improvement. Cost information is an integral part of strategic decision making and this is demonstrated in for example the development of the IRMP and asset management plans. The fire authority has performed well in delivering efficiencies. The Authority has improved its governance in relation to partnership working.</p> <p>Financial reporting is timely and reliable and used to monitor performance. The Authority continues to critically review its Annual Report and is re-launching its external website to improve accessibility and sharing of information.</p>	

KLOE 1.1 Financial planning score	3
Key findings and conclusions	
<p>Good financial management in light of tight financial settlement, with efficiencies being achieved and improvement in most key PIs. Good engagement and financial governance.</p> <p>Integrates financial planning with strategic and service planning processes on a medium- to long-term basis:</p> <p>Financial planning is linked to strategic and service planning via the IRMP. Planned efficiencies achieved, with good linkage of performance to savings.</p> <p>Has responded to tight financial settlement for 2008/09 and next two years via consultation on meeting budget gaps. Efficiencies have been achieved and overall under spend during 2008/09. Total reserves are in line with agreed policy and overall balances (including General Fund) remain adequate. As with other public sector bodies, the next few years will be challenging.</p> <p>High costs but high demand and have recognised that more significant changes needed with an upcoming PFI scheme. 58 per cent of efficiency savings are from revised shift/crewing arrangements, third highest nationally.</p> <p>Efficiency: four fire services (including Cleveland), account for around a third of expenditure nationally which has contributed to nearly half of all efficiency savings to date.</p> <p>Implementation of the organisational review during 2008/09 demonstrating the Authority's commitment to delivering key strategic delivery priorities by reorganising functions and moving resources including changes to the operational fleet and as a consequence changes to the number of fire fighters.</p> <p>The link between the Authority's strategic priorities and the financial planning process was further strengthened in 2008/09, by ensuring adequate resources were provided to support a number of new initiatives and campaigns.</p> <p>Performance indicators are showing continued improvement with positive trends in fire reductions contributing to savings to society based on the 'Economic Cost of Fire Estimates 2004'.</p> <p>Twenty per cent reduction in deliberate primary fires compared to a national average reduction of 15 per cent.</p> <p>One of only three brigade's to carryout Home Fire Safety Visits (HFSV) in over 30 per cent of the homes in their area (highlighted in AC national report).</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.1 Financial planning score	3
Key findings and conclusions	
<p>Largest reduction (58 per cent) in Accidental Dwelling Fires nationally.</p> <p>Percentage reduction in the majority of indicators is more than the national average.</p> <p>Engages local communities and other stakeholders in the financial planning process:</p> <p>Statutory consultation plus evidence of other good engagement. The Authority has helped develop and support Cleveland Fire Support Network. Ongoing effective engagement with local people and partners.</p> <p>A new Community Engagement Strategy has been introduced during 2008/09 and a new post of Head of Communications and Engagement will develop a delivery plan to maximise the opportunities of engagement with the community.</p> <p>Extensive consultation during 2008/09 on new strategic planning. Other consultation during 2008/09 including the savings proposals detailed in the IRMP 2008/11. As a result the Authority approved proposals to be progressed in order to achieve the relevant savings.</p> <p>Manages spending within available resources and is financially sound over the medium-term:</p> <p>Spending is managed within increasingly tight resources. Strong performance on efficiencies; the 2008/09 Measuring Corporate Efficiency diagram (previously highlighted as notable practice) maps performance against Performance Indicators that are linked to the corporate objectives and mapped across to highlight those areas within the Brigade where efficiency savings have been achieved.</p> <p>Recognises individual and collective responsibilities for financial management and values and develops financial skills:</p> <p>Good member development and training with the Authority recently receiving 'Charter' status in respect of members (recognising the latter is in 2009/10). Good financial governance.</p>	

KLOE 1.2 Understanding costs and achieving efficiencies score	3
Key findings and conclusions	
<p>The Authority understands its own costs well and has made significant efficiencies without adversely affecting performance. It has used the Rising to the Challenge tool to demonstrate that compared to other services it is 'delivering more for less' through a risk based approach to delivering efficiencies and to highlight areas for further improvement. Cost information is an integral part of strategic decision making and this is demonstrated in for example the development of the IRMP and asset management plans. The fire authority has performed well in delivering efficiencies. The Authority has improved its governance in relation to partnership working.</p> <p>Understands its costs, including whole life, transaction and unit costs, the main factors that influence these and how they link to performance:</p> <p>Its costs compare well with others given the local context, which is high risk and features high levels of deprivation. It has a good understanding of its own costs and this has enabled it to revise shift and crewing systems and shift significant resources from response to community safety and preventative measures. This understanding has also helped the service to identify further potential modernisation savings which it aims to deliver during the period of its current IRMP.</p> <p>Takes account of this understanding of its costs and performance in decision making and commissioning:</p> <p>Cost information is an integral part of strategic decision making and this is demonstrated in for example the development of the IRMP and asset management plans; clear business plans are prepared in relation to significant change. Increasingly wider social and environmental matters are featuring in strategic analyses.</p> <p>Identifies the scope for making efficiencies and is on track to achieve planned efficiencies:</p> <p>The Authority has performed well in delivering efficiencies. Until April 2008 it had delivered the fourth highest of all fire authorities and through its IRMP has plans to deliver further significant efficiencies including changes to staffing arrangements and duties at low activity stations and to reduce crew sizes. However, it is a small Authority and there remains scope to explore fully the potential to deliver further efficiencies through joint working with partners or potential partners.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.2 Understanding costs and achieving efficiencies score	3
Key findings and conclusions	
<p>The Authority has improved its governance in relation to partnership working in the areas it serves. It now has a comprehensive framework for partnership working and a means to identify and control the use of resources for partnership working. It is clearer about how partnership activities link to local people's priorities, as expressed in sustainable communities strategies. The framework requires partnership working to be evaluated to ensure that it is delivering benefits as anticipated. At present few have been evaluated although they are generally positive. It still retains the link between call-out and remuneration for Retained Duty System however the Authority is addressing this via their Home Fire Safety Visit programme which has been highlighted in the AC report 'Rising to the Challenge'.</p>	
KLOE 1.3 Financial reporting score	2
Key findings and conclusions	
<p>Financial reporting is timely and reliable and used to monitor performance. The Authority continues to critically review its Annual Report and is re-launching its external website to improve accessibility and sharing of information.</p> <p>Produces relevant, timely and reliable financial monitoring and forecasting information:</p> <p>Quarterly budget reports (useful traffic light format). Reports are timely and accurate. Significant partnerships considered. Internal Audit coverage, on a cyclical basis, of budgetary control.</p> <p>Uses financial and related performance information to monitor performance during the year:</p> <p>Quarterly budget reports in user-friendly traffic light format. Quarterly performance report.</p> <p>Prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position:</p> <p>Some errors in the accounts, but the accounts are of good quality overall.</p> <p>Publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year:</p> <p>Work is on-going on the website.</p> <p>Most recent accounts and AAL published on the external website and published in accessible formats.</p>	
KLOE 1.3 Financial reporting score	2
Key findings and conclusions	
<p>Stakeholders are consulted through the IRMP and public meetings. Feedback is encouraged through the annual report and any comments are taken on board.</p> <p>Annual report previously highlighted as notable practice – environmental analysis just developing.</p>	

Table 8 Theme 2 - governing the business

Theme 2 score	2
Theme summary	
<p>The Authority is delivering activities with positive outcomes for local people particularly those who are vulnerable. There are a number of examples of targeted activity but there is scope to develop a strategic approach to commissioning and procurement in order to further maximise value for money.</p> <p>Good monitoring of PIs, including the quarterly performance report. Key indicators analysed to identify areas of the community that require extra resources to reduce high risk. A review of data quality is being undertaken, with progress being made towards achieving ISO 27002 in terms of IT policies.</p> <p>No significant failings in the governance framework; no significant internal control weaknesses highlighted in previous years. Good member development and training with the Authority recently receiving Member Development 'Charter' status. Level 3 of the Equality Standard met. IRMP sets out its purpose and vision linked to corporate objectives and priorities. Open culture with a focus on communities. Codes of conduct in place. No complaints in relation to members per the Annual Standards Board return. Strong ethical framework evidenced in part via the recent AC Ethical Governance survey where members of the Fire Authority returned the most positive set of results of any survey in the North East. It has increased partnership capacity and strengthened governance arrangements leading to a more strategic and proportionate approach.</p>	
Theme 2 score	2
Theme summary	
<p>Effective risk management arrangements in place (previously highlighted as notable practice by IDeA), including significant partnerships. No cases of fraud or corruption with procedures in place to prevent fraudulent activities and good engagement in the NFI exercise. Sound internal control with no major issues in recent years and testing of business continuity arrangements as an integral part of the risk management strategy.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.1 Commissioning and procurement score	2
Key findings and conclusions	
<p>The Authority is delivering activities with positive outcomes for local people particularly those who are vulnerable. There are a number of examples of targeted activity but there is scope to develop a strategic approach to commissioning and procurement in order to further maximise value for money.</p> <p>Has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs:</p> <p>The Authority's IRMP sets a clear vision for the local area. The Authority is delivering on priority outcomes by reducing loss of life, injury and reducing risk, particularly in disadvantaged localities and this is evidenced in the IRMP risk maps. It is also an active participant in partnership and LAA arrangements contributing to wider quality of life matters in the communities it serves. 58 per cent reduction in accidental dwelling fires; vulnerable people being reached.</p> <p>On-going major baseline review of procurement which is intended to deliver a significantly improved procurement strategy.</p> <p>Involves local people, partners, staff and suppliers in commissioning services:</p> <p>It has a range of structures and process in place to enable it to understand community needs and inform commissioning. It has an extensive advocacy service which engages with all parts of the community. New Community Engagement Strategy in place and the Authority recognises that strategic analysis would be improved if consultation results collated. Good advocacy via the Fire Support Network.</p>	
KLOE 2.1 Commissioning and procurement score	2
Key findings and conclusions	
<p>It has reorganised and redesigned some aspects of services and has plans to carry out further reviews to reorganise and or reconfigure stations as part of its IRMP. It has made progress on the Regional Control Centre, which it leads. It has made progress on most, but not all recommendations from previous assessments.</p> <p>Seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT:</p> <p>It is beginning to consider ICT and other resources more strategically. Last year its web-site contained a lot of good information but it was not structured or presented in a way which made it community focused. Plans to release a new web-site which addresses this are slow at coming to fruition.</p> <p>Understands the supply market and seeks to influence and develop that market:</p> <p>Evaluates different options (internal, external and jointly with partners) for procuring services and supplies:</p> <p>AND Reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives:</p> <p>Overall procurement is delivering good financial savings but there is little evidence of wider community benefits. Procurement is largely through Firebuy and other regional arrangements and whilst there is an understanding of what each of these arrangements can deliver there is no indication of any more detailed understanding of supply markets or how procurement can be used to support local sustainability. The Authority is compliant rather than innovative in evaluating procurement options. There has been no market testing of support services overall although some work has been done in relation to fleet and ICT - but outcomes up to the end of last year maintained status quo. Consequently although existing arrangements are delivering financial savings there is insufficient evidence of commissioning and procurement maximising value for money potential.</p>	

KLOE 2.2 Data quality and use of information score	2
Key findings and conclusions	
<p>Good monitoring of PIs, including the quarterly performance report. Key indicators analysed to identify areas of the community that require extra resources to reduce high risk. A review of data quality is being undertaken, with progress being made towards achieving ISO 27002 in terms of IT policies.</p> <p>Produces relevant and reliable data and works with partners to ensure the quality of partnership data:</p> <p>In order to review the Brigade’s Data Quality Policy thoroughly a full review of systems and processes has begun in 2009. The review is in the early stages. Previous year AC review of data quality identified no significant issues arising. Recent CLG review of the new Incident Reporting System did not identify any significant issues.</p> <p>Understands the needs of its decision makers and provides them with information that is fit-for-purpose and is used to support decision making:</p> <p>Key indicators are analysed to identify areas of the community that require extra resources to reduce high risk. National indicators are monitored through newly established quarterly LAA reports which are scrutinised by SMT and Elected Members to ensure they are on target. The Executive Director’s Quarterly Performance report monitors all the Authority’s local performance indicators against past performance and targets. Station Managers receive monthly station graphs and district variance reports to monitor performance against their targets and identify any trends. Resources are realigned to address any significant issues.</p> <p>Ensures data security and compliance with relevant statutory requirements:</p> <p>A comprehensive review of Information Security policies aligned to ISO 27002 is currently being undertaken and an IT strategy is being developed.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 Good governance score	3
Key findings and conclusions	
<p>No significant failings in the governance framework; no significant internal control weaknesses highlighted in previous years. Good member development and training with the Authority recently receiving Member Development 'Charter' status. Level 3 of the Equality Standard met. IRMP sets out its purpose and vision linked to corporate objectives and priorities. Open culture with a focus on communities. Codes of conduct in place. No complaints in relation to members. Strong ethical framework. It has increased partnership capacity and strengthened governance arrangements leading to a more strategic and proportionate approach.</p> <p>Has adopted, promotes and demonstrates, the principles of good governance:</p> <p>Good member development and training with the Authority recently receiving Member Development 'Charter' status in June 2009 in respect of members. E-induction package being rolled out for members.</p> <p>Level 3 of the Equality Standard.</p> <p>Regular update of Standing Orders and Financial Regulations and other key policies. Standards Committee in place with annual reporting. Good working relationships between members and officers. Development plans in place for members.</p> <p>The Authority has reorganised its senior management team during 2008/09 and has considered the respective roles and responsibilities. This is planned to align with the strategic objectives of the Authority.</p> <p>Adequate consideration of Annual Governance Statement and wider internal control environment by the Audit Committee.</p> <p>Local code of corporate governance being established.</p> <p>Maintains focus on its purpose and vision:</p> <p>Via IRMP and performance management framework.</p> <p>The Authority's vision 'to be the best fire and rescue service at protecting local communities' is linked to corporate objectives and priorities.</p> <p>Open culture with a focus on communities.</p>	

KLOE 2.3 Good governance score	3
Key findings and conclusions	
<p>Demonstrates a strong ethical framework and culture:</p> <p>No complaints in relation to members per the Annual Standards Board return.</p> <p>Excellent results from Ethical Governance survey; the survey produced positive responses in a number of areas and did not highlight any areas of fundamental systems weaknesses. Members of the Fire Authority returned the most positive set of results of any survey undertaken in the North East. The survey highlighted a number of areas which from a senior managers view, further action could make governance arrangements more effective and achieve a higher level of awareness within the organisation. The only recommendation being: ‘The Organisation needs to address the lack of awareness of issues within current processes, and select the most appropriate medium for doing so to ensure maximum impact and increased knowledge of governance and internal control arrangements in place’.</p> <p>Ethical training covered as part of member training.</p> <p>Codes of conduct for members and officers in place. Registers of gifts and hospitality in place.</p> <p>Registers of interests etc not currently published on the external website; this is being considered (as per the Annual Standards Board Return).</p> <p>Whistle blowing policy available on intranet and internet. No whistle blowing incidents that we are aware of. Complaints policy in place.</p> <p>Good training of members.</p> <p>Applies the principles and values of good governance to its partnership working:</p> <p>It has increased partnership capacity and strengthened governance arrangements leading to a more strategic and proportionate approach including the following outcomes.</p> <ul style="list-style-type: none"> • Identification of a number of opportunities to improve the external training services which is currently being delivered through the partnership between Cleveland Fire Brigade and SITV as well as identifying new opportunities for training provision expansion to improve income generation. • Termination of a number of partnerships. 	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.4 Risk management and internal control score	3
Key findings and conclusions	
<p>Effective risk management arrangements in place (previously highlighted as notable practice by IDeA), including significant partnerships. No cases of fraud or corruption with procedures in place to prevent fraudulent activities and good engagement in the NFI exercise. Sound internal control with no major issues in recent years and testing of business continuity arrangements as an integral part of the risk management strategy.</p> <p>Has effective risk management which covers partnership working:</p> <p>Risk management highlighted in previous years as notable practice by IDeA. Risk management arrangements have been added to the new Partnership Strategy to strengthen the corporate governance of Partnerships. The Corporate Risk Register is monitored on a bi-monthly basis. Any emerging risks or changes to the status of existing risks are reported to the Strategic Management Team and Members of the Audit and Governance Committee.</p> <p>The risk levels in 39 wards out of 88 council wards have been reduced to medium or low from an original 'high' baseline in April 2004. This has been achieved through the reduction of fire and other emergency incident activity resulting from targeted and focused community safety initiatives.</p> <p>IRMP proposals for 2008/09 and all options for the proposals have been risk assessed; these risk assessments were issued as part of the consultation process.</p> <p>Active participation in risk evaluation through the Local Resilience Forum (LRF) Community Risk Assessment working group and produces the Cleveland Community Risk Register on behalf of the LRF. From this they have taken proactive steps in planning for flooding incidents and pandemic flu.</p> <p>A risk assessment has been undertaken and is being managed in relation to the PFI project.</p> <p>The Authority uses a Corporate Risk Register to identify the existing and potential risks to people and the environment, to rank them in order of priority and to assess the optimum operational response. Directorate Risk Registers, and District Emergent Risk Registers and the Community Risk Register further support and inform the strategic risk assessment process.</p> <p>The Authority works closely with local industrial partners on mutual aid resilience schemes and last year achieved Beacon Status for its work with the Joint Emergency Planning Unit.</p>	

KLOE 2.4 Risk management and internal control score	3
Key findings and conclusions	
<p>The Community Risk Register takes as its scope the whole of the community which means it is predicated on a dynamic partnership approach. It demonstrates the policy of working actively with public and community partner agencies to identify and assess risk jointly with them, and to determine the most effective joint responses.</p> <p>Has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption:</p> <p>Good engagement in NFI. An Anti Money Laundering Policy has been drawn up in 2009, and is now incorporated within the Anti Fraud and Anti Corruption Strategy. No cases of fraud have been detected. Procedures are in place to prevent fraudulent activities.</p> <p>Audit Committee now in place for one year – previously the functions of an Audit Committee covered by other Committees). Appears to be working effectively and no concerns. In due course we may consider how Audit Committee assesses itself and its effectiveness.</p> <p>Has a sound system of internal control including internal audit:</p> <p>System of internal control in place is sound.</p> <p>Business Continuity arrangements are in place and are an integral part of the Risk Management Strategy.</p>	

Appendix 1 – Use of resources key findings and conclusions

Table 9 Theme 3 - managing resources

Theme score	2
Theme Summary	
Strategic planning is in place linked to staff development plans. Succession planning in place. Strong commitment to workforce planning with a strategic being developed on a local and regional basis. The Authority is achieving against the National Equality Framework. The IRMP sets out the short to medium term direction for the service and the organisation has completed the first phase of a restructure to align resources with requirements of the IRMP. On-going significant organisational change. The Authority needs to further consider the impact of existing policies, processes and actions in order to make further improvements. There is a lot of good action in relation to the workforce and workforce planning but outcomes and targets remain challenging. There is likely to be significant on-going organisational change.	
KLOE 3.1 Use of natural resources score - not applicable to fire authorities in 2008/09	n/a
Key findings and conclusions - Not applicable for 2008/09	
KLOE 3.2 Strategic asset management score - not applicable to fire authorities in 2008/09	n/a
Key findings and conclusions - Not applicable for 2008/09	
KLOE 3.3 Workforce planning	2
Key findings and conclusions	
Strategic planning is in place linked to staff development plans. Succession planning in place. Strong commitment to workforce planning with a strategic plan being developed on a local and regional basis. The Authority is achieving against the National Equality Framework. The IRMP sets out the short to medium term direction for the service and the organisation has completed the first phase of a restructure to align resources with requirements of the IRMP. Ongoing significant organisational change. The Authority needs to further consider the impact of existing policies, processes and actions in order to make further improvements. There is a lot of good action in relation to the workforce and workforce planning but outcomes and targets remain challenging. There is likely to be significant on-going organisational change.	

KLOE 3.3 Workforce planning	2
Key findings and conclusions	
<p>Has a productive and skilled workforce: The organisation has good processes and policies in place to plan and organise its workforce to enable it to achieve its objectives but the impact of these is not always clear and measured.</p> <p>Knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this: AND Engages and supports staff in organisational change: The IRMP sets out the short to medium term direction for the service and the organisation has completed the first phase of a restructure to align resources with requirements of the IRMP.</p> <p>There are processes in place to ensure that the service has the right capacity and skills in place to deliver services and to ensure business continuity by identifying need and potential and through development activities delivering a pool of expertise to meet needs in the short and medium term. Workforce planning is linked to strategic planning. It has implemented IPDS and this has been externally verified. It is addressing high levels of sickness and has secured external expertise to assist with this. It has a leadership and development framework in place and is in the process of implementing this across all supervisory grades and offers a variety of development opportunities through this.</p> <p>Has policies which support diversity and good people management: The service, through application of its policies and management development, aims to ensure a consistent and fair approach to managing change. There are formal communication mechanisms in place to communicate with staff on matters which affect them and senior managers visit stations to discuss changes with staff. Policies are in place to support diversity and good people management. Bullying and harassment are taken seriously and processes are in place to enable reporting and monitoring of cases; the Authority has taken action where these matters are raised including one dismissal.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 3.3 Workforce planning	2
Key findings and conclusions	
<p>Staff satisfaction is being monitored through the national staff survey (cultural audit). It indicates some very positive findings for example relating to fair access to training and achieving a good work life balance; but it also highlights perceived weaknesses in addressing under representation of some groups within the workforce. Policies support diversity and good people management and the service does take positive action to encourage applicants from under represented groups, along with other regional fire services; but there is no information as to how it will change these in order to meet the stretch targets for recruitment to which it aspires.</p> <p>The Authority needs to further consider the impact of existing policies, processes and actions in order to make further improvements. A lot of good action but outcomes and targets remain challenging.</p> <p>The Authority has achieved position 90 in the Stonewall Top 100 Employers workplace equality index. It has also been highly commended at the Annual FRS Equality and Diversity Awards and has achieved Level 3 of the Equality Standard. Three year workforce development strategy in place. The People Management Group have a regional HR strategy which has identified three regional HR priorities for this year as being the Regional Control Room, Equality and Diversity and efficient ways of working.</p>	

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