

Annual Audit Letter

Norfolk County Council

Audit 2008-2009

December 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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Key messages

This report summarises the findings from our 2008/09 audit. It includes messages from the audit of your financial statements and from an assessment of how you get value for money from your resources.

Financial statements

- 1** The Council is required to produce three sets of financial statements by 30 June annually. You met this deadline, enabling me to issue my opinions on time. My opinions were 'unqualified' meaning that I agreed that they presented fairly the financial position of the Council and its pension funds.
 - 2** Officers provided a good set of supporting working papers and responded promptly to queries raised by the audit team. But my audit found some errors. Most of these errors would not have been significant enough for me to change my opinion on the accounts, but one of them was. This error related to a manual adjustment to the accounts which officers processed incorrectly. The Council agreed to amend this and the other errors identified during our audit.
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Use of resources

- 3** I assessed the Council's arrangements for getting value for money from its resources as good and the arrangements for the Fire and Rescue Service as adequate. I was, therefore, able to issue an "unqualified" value for money conclusion which means that I agreed the Council had proper arrangements for securing value for money from its resources.
-

Other assessments

- 4** This year, for the first time, we carried out two further assessments of how the Council and its Fire and Rescue Service perform. These assessments are part of the new Comprehensive Area Assessment framework.
 - 5** The first assessment related to how well the Council and Fire and Rescue Service manage and improve services and contribute to wider community outcomes. We assessed the Council's performance as good, and the Fire & Rescue Service's performance as adequate.
 - 6** The second assessment combined our Use of Resources and Managing Performance assessment to give an overall Organisational Assessment for the Council and its Fire and Rescue Service. Our overall judgement is that the Council is performing well and its Fire and Rescue service is performing adequately.
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Financial standing

- 7 The last year has seen the country enter a recession on the back of a global economic crisis, triggered by the high-profile collapse of a few international banks. The local effect is an increasing demand for public services and the likelihood of reduced levels of central government funding. Together, these will provide a significant challenge for local councils as they seek to continue to provide services to local residents, while maintaining a sound financial position.
- 8 The Council is responding to this challenge. It understands the implications of the recession and the Council, as a whole, recognises the challenges faced. There have been regular 'State of the Economy' reports to Cabinet which detail actions the Council has taken, including working in partnership with other agencies. The latest financial strategy actively considers the impact of the economic downturn and addresses the funding shortfalls and projected increased demand for services.
- 9 The impacts of the recession will continue to present a challenge to the Council in the coming financial year. I will continue to monitor the Council's response and actions.

Local Government Review

- 10 During the year, the Boundary Committee reviewed the structure of Local Government in Norfolk. A judicial review in another county area stalled the work of the Committee but a recent Court ruling has now allowed the review to restart. The Boundary Committee has advised the Secretary of State that for Norfolk there should be a single unitary Council. It will be important for the Council to maintain both governance arrangements and services in a period of possibly significant change. We will continue to monitor the outcome, impact and the Council's response.

Audit fees

- 11 I was unable to deliver my audit programme within the fee I planned. I charged extra fees of £27,000 for work on the Waste PFI project and increased audit procedures on the pension fund. I give further details in the audit fees section of this letter.

Independence

- 12 I can confirm that I carried out my audit complying with the Audit Commission's policies on integrity, objectivity and independence.

Financial statements

The Council's financial statements and annual governance statement are an important means by which the Council accounts for the stewardship of public funds. The Council is also the administering authority for the local government pension scheme and the fire-fighters pension scheme in Norfolk. It is responsible for preparing financial statements for both of these schemes.

Opinions on the financial statements

13 The Council is required to produce three sets of financial statements by 30 June annually and I am responsible for issuing an audit opinion on these by 30 September. The following table summarises the opinions I have issued on the 2008/09 financial statements.

Table 1 Audit opinions 2008/09

Financial statements	Audit opinion
County Council's financial statements	Unqualified
Local government pension fund financial statements and annual report	Unqualified
Fire-fighters' pension fund financial statements	Unqualified

Adjusted errors in the financial statements

14 We identified some errors in the County Council's financial statements during the audit. These included one material error within the Income and Expenditure account and some non-trivial errors. The Council's own finance staff identified the material error which related to a manual adjustment incorrectly made in the draft statements. As a result, the draft accounts overstated gross income by £24.1 million and understated gross expenditure by £24.1 million.

15 Management agreed to adjust the published financial statements for the errors identified. The errors found do not impact on the financial position of the Council.

Recommendation

R1 Ensure that officers review all significant manual adjustments made in compiling the financial statements to confirm them as correctly entered.

Unadjusted misstatements

- 16** The Council has received an actuarial estimation of incidents ‘incurred but not reported’ (IBNRs) to assess the reasonableness of internal recharges to departments for insurance premiums. IBNRs are legal claims for events occurring before the end of the year which the Council expects to receive in the future.
- 17** In our view the Council should, to comply with accounting standards, calculate a provision to reflect that IBNRs represent an obligating event which existed at the balance sheet date. Following discussion with the Head of Corporate Finance it was agreed that this treatment be reviewed as part of the 2009/10 financial statements and the latest actuarial estimation of IBNRs.

Recommendation
R2 To comply with FRS12 in the future, calculate a provision to reflect that IBNRs represent an obligating event which existed at the balance sheet date.

Material weaknesses in internal control

- 18** I have not identified any material weaknesses in the design or operation of an internal control that could result in a material error in your financial statements.

International Financial Reporting Standards

- 19** Local government will introduce International Financial Reporting Standards (IFRS) in the 2010/11 accounts. As part of this change, the Council will need to restate the comparative figures for 2009/10 in the new accounting format. This change is significant in many respects, particularly in the accounting for fixed assets and leases. The Council will need to do much work in the run up to preparing the 2010/11 accounts to establish and collect the information needed, and to account for it under the new accounting standards.
- 20** The Council has developed a project plan and has set up a small working group to prepare for the changes. We are continuing to discuss with officers the Council's planned approach to accounting treatments in the affected areas.

Use of resources

I considered how well the Council and its Fire and Rescue Service are managing and using their resources to deliver value for money and gave scored use of resources judgements.

I also assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 21** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). I have judged each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 22** I also considered where I could, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 23** Table 2 below shows the Council's and Fire and Rescue Service's use of resources theme scores. The appendices to this letter summarise the key findings and conclusions for the three themes for the Council and its Fire and Rescue Service.

Table 2 Use of resources theme scores

Theme	County Council	Fire and Rescue Service
Managing finances	3	2
Governing the business	3	2
Managing resources	3	2
Overall score	3	2

-
- 24** As a result of national reviews of local authority investment practice, and the Council's investments in Icelandic banks during the period of assessment, there was a specific focus on treasury management arrangements. This confirmed the Council had made deposits with Icelandic banks following the Council's approved policy and there is clear evidence of review and learning from the events of October 2008.

VFM conclusion

- 25** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. Appendix 1 sets out my conclusions on each of the areas.
- 26** I issued an unqualified conclusion stating the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Other assessments

Managing performance

27 We also assess how well the Council and the Fire and Rescue Service manage and improve services and contribute to wider community outcomes. The assessment considers how successful the Council and the Fire and Rescue Service are in delivering corporate priorities. The table below shows the scores and summary findings. The scoring mechanism is the same as for use of resources above.

Table 3 Managing performance scores

	Score	Overall findings
County Council	3	Many Council services are effective and are improving the quality of life for people in Norfolk. The Council supports the local economy, helps people retain their independence and is improving the environment. It works well with partners such as local bus companies to provide better transport in rural areas and with the police to reduce crime and improve road safety. However, some services need to get better.
Fire and Rescue Service	2	Norfolk Fire and Rescue Service responds well to emergencies and is helping to reduce fires, and fire injuries and traffic casualties in Norfolk. For example it has successfully reduced arson incidents across the County by 8 per cent, and has reduced road traffic accidents involving young drivers in the context of an overall reduction in casualties of 55 per cent. It works increasingly closely with other local, regional and national organisations in delivering emergency help. This has become more important as the risk of large scale emergencies, such as tidal flooding, are increasing. The Service has plans in place to deliver improvement for the future but it is unclear if they will deliver improvement.

Organisational assessment

28 We combine the use of resources and managing performance assessments to give an overall organisational assessment judgement for the Council and for the Fire and Rescue Service. The Audit Commission has determined the organisational assessment judgements as set out in Table 4 overleaf.

Table 4 Organisational assessment judgements

	Judgement
County Council	Performs well
Fire and Rescue Service	Performs adequately

29 The Audit Commission's Comprehensive Area Assessment Lead for Norfolk, Susan Jewkes, will report separately on the Council's and the Fire and Rescue Service's managing performance and organisational assessments, and the overall Comprehensive Area Assessment for Norfolk.

Financial standing

- 30** The economic downturn and banking crisis is having a significant impact on public finances and the bodies that manage them. The impact on treasury management strategies has been immediate but there are wider and more fundamental impacts on the ability of public sector bodies to fund service delivery and capital programmes, including pressures on income streams. I have reflected on the wider environment, specific issues and risks and the Council's response.
- 31** Though the economic downturn is presenting specific issues and risks to the Council, I am satisfied that it is taking proper steps to respond to this. However, this is an area I will continue to consider closely when assessing how well the Council makes use of its resources during my 2009/10 audit.

Financial position

- 32** The Council manages its finances effectively as shown by its use of resources scores. It maintains sound financial health and delivers good value for money. An effective efficiency programme supports the Council's strong financial position. The Council achieved savings of £24.4 million in 2008/09 without adversely affecting service standards. The Council forecast an annual efficiency saving of £23.7 million for 2008/09 (including £9.7 million of efficiencies allowed to be carried forward from previous years), and in delivering £24.4 million, exceeded its set target.
- 33** The table below shows the current position of the Council's major balances.

Table 5 Summary of major balances as at 31 March 2009

	As at 31 March 2009 £ million	As at 31 March 2008 £ million
General Fund Balance	15.1	14.1
Specific reserves*	63.2*	68.3*
Totals*	78.3*	82.4*

*excluding schools' balances of £21.9 million at 31/03/2009 and £18.7 million at 31/03/2008

- 34** The Council sets a minimum level of general fund balances to cover potential financial risks that may arise during the year. For 2009/10 the Council has set this level at £14 million. The Head of Finance noted in his 2009/10 budget report to members the level of General Fund balances is below the average for other County Councils but agreed the minimum level set remained reasonable.

- 35** The Council has identified a potential funding gap of up to £140 million in the years 2010/11 to 2012/13. It has set out its proposals for a corporate programme to implement change, co-ordinating and leading activities such as using best practice from the public and private sector. The Council expects this programme to transform and modernise ways of working, through increased sharing of services both internally and with other public sector agencies and by reviewing its 'core' business. The 'Norfolk Forward' Programme brings together the projects being worked on to achieve this, including an organisation review of management arrangements.

Icelandic banks

- 36** The Council had £32.5 million invested in three Icelandic banks when they collapsed in October 2008. The 2008/09 financial statements showed the Council expected to recover £27.9 million based on information available at the time it published its accounts in September 2009. The Council recognised a loss of £9.5 million in the Income and Expenditure Account. This loss was calculated in accordance with approved accounting standards and includes future loss of interest until such time as it is estimated the recovery process is complete.
- 37** The Council has taken advantage of the Capital Finance Regulations to defer the impact of the loss on the General Fund until 2010/11 by transferring a sum of £7.4 million to the Financial Instruments Adjustment Account. The balance of £2.1 million relates to the loss of interest which the General Fund has borne in full during 2008/09.
- 38** The Council has received a cash repayment of £2 million from one of the three banks with a further repayment of £0.7 million due to be made before the end of the year. As reported to the Council's Cabinet on 7 December, the total recovery is expected to be £29.3 million based upon the granting of preferential creditor status to local authority depositors and assuming default interest is included. This would limit the loss to £3.2 million of the original investment.
- 39** Since the Cabinet meeting on 7 December, information has been received in respect of one of the two banks in Icelandic administration that local authority claims have been accepted as general unsecured claims rather than priority claims. If confirmed, this would reduce the potential recovery amount. Further clarification is being sought on this matter and the Head of Corporate Finance will continue to provide updates to the Council.
- 40** I am satisfied that the Council made its Icelandic deposits following its approved policy and there is clear evidence of review and learning from the events of October 2008. Measures taken includes revision of the Counter Party List (CPL) to leave future investment in UK banks and financial institutions only, and introducing a Member Treasury Management Panel responsible for scrutinising strategy, reviewing the annual report and monitoring performance.

Audit fees

- 41 The audit fee is higher than planned, as outlined in the table below.
- 42 During 2008/09 I increased the Council's audit fee by £7,000 to reflect the work we had to carry out on the Waste PFI project. I also increased the audit fee of the pension fund by £20,000 to reflect the extra audit procedures I had to undertake for this separate audit engagement.

Table 6 Audit fees

	Actual	Proposed	Variance
Council audit			
Financial statements and annual governance statement	142,975	142,975	0
Use of resources	121,431	121,431	0
Waste PFI project	7,000	0	7,000
Whole of government accounts	5,523	5,523	
Total Council audit fees	276,929	269,929	7,000
Pension Fund audit			
Financial statements	49,137	29,137	20,000
Total Pension Fund audit fees	49,137	29,137	20,000

Closing remarks

- 43** I have discussed and agreed this letter with the Chief Executive and the Head of Corporate Finance. I will present this letter at the Cabinet meeting on 4 January 2010 and we will provide a copy to all Members.
- 44** The table below show the reports issued to the Council during the year which include further detailed findings, conclusions and recommendations in the areas covered by our audit.

Table 7 Reports issued

Report	Date issued
Audit and inspection plan	April 2008
Supplementary audit plan	December 2008
Annual governance report	September 2009
Opinions on financial statements	September 2009
Value for money conclusion	September 2009
Use of resources report (Council)	October 2009
Use of resources report (Fire and Rescue Service)	October 2009
Organisational Assessment (Council)	December 2009
Organisational Assessment (Fire and Rescue Service)	December 2009
Annual Audit Letter	December 2009

- 45** The Council has taken a positive and constructive approach to our audit. I wish to thank the Council staff for their support and co-operation during the audit.

Availability of this letter

- 46** We will publish this letter on the Audit Commission's website at www.audit-commission.gov.uk, and you will also be publishing it on the Council's website.

Rob Murray
District Auditor
December 2009

Appendix 1 – Use of resources key findings and conclusions (Norfolk County Council)

1 The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

Theme score 3	
KLOE 1.1 (financial planning)	
Score	3
VFM criterion met	Yes
<p>Norfolk has a robust financial and service planning framework that delivers a balanced budget aligned to the sustainable community strategy. There is an integrated planning process with specific investment targeted to key corporate improvement priorities. The Council sets a comprehensive and balanced budget which is underpinned by a MTFS and engages with its stakeholders effectively to establish priorities and inform resource allocation. Norfolk consistently performs within its budget and financial standing is good. The Council can demonstrate strong financial governance & leadership. The Council had £32.5m invested in the Icelandic banks. However, Icelandic deposits were made in accordance with approved policy and there is clear evidence of review and learning from the events of October 2008. This includes the introduction of a Member Treasury Management Panel responsible for scrutinising strategy, reviewing the annual report and monitoring performance.</p>	

Appendix 1 – Use of resources key findings and conclusions (Norfolk County Council)

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>The Council has a good understanding of its costs, with analysis of costs built into the service planning process. Managers use a range of benchmarking information on costs and performance to support decision making. The Council commissions reviews to understand whether a service is delivering value for money. Investment decisions are based on whole-life costs and benefits and options are appraised for wider environmental and social impacts. The Council is achieving planned outcomes across its services while maintaining relatively low costs. Extensive use of comparison and benchmarking is made to improve service effectiveness and deliver value for money. There is an innovative approach to delivering service efficiencies which includes the use of external challenge, partnerships and business process re-engineering and the council has consistently over-achieved its savings targets.</p>	
<p>KLOE 1.3 (financial reporting)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Norfolk produces relevant, timely and reliable financial monitoring and forecasting information. Integrated financial and performance information is used to monitor performance. The Council's accounts comply with statutory requirements and timetables. There is a strong corporate commitment to producing good quality accounts and working papers. However, the 2008/09 Statements included one material and a number of non-trivial errors. Norfolk provides easily accessible and understandable information to the public & stakeholders, having assessed the needs of its local communities.</p>	

Appendix 1 – Use of resources key findings and conclusions (Norfolk County Council)

Governing the business

Theme score 3	
KLOE 2.1 (commissioning and procurement) Score VFM criterion met	3 Yes
<p>The Council consulted widely in the creation of its strategic plan and the sustainable community strategy. It engages with a wide range of residents, service users and partner organisations to ensure that commissioning and delivery of services meets their expressed needs. Joint commissioning between the Council and its health partners delivers service improvements. The Council is investing to improve customer experience and deliver value for money. There is a procurement strategy with good understanding of the market and a framework for evaluating procurement options.</p>	
KLOE 2.2 (data quality and use of information) Score VFM criterion met	3 Yes
<p>A robust framework to secure data quality includes risk management and governance procedures for partnerships. Members and officers receive information that supports decision-making and gives clear information on the delivery of priorities. Data on systems is managed with controlled and secure access. Regular review and testing of business continuity plans are carried out. The Council manages information risk effectively and complies with requirements set out in relevant codes of connection for NHS Network and Government Secure Intranet and Government Connect. Routine performance issues are monitored monthly and the Council can demonstrate improvements.</p>	

Appendix 1 – Use of resources key findings and conclusions (Norfolk County Council)

<p>KLOE 2.3 (good governance)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>There is a constitution that includes a description of roles and responsibilities. Members and senior officers receive a thorough induction and development tailored to their roles. The Code of Corporate Governance has been reviewed and members sign the Code of Conduct. There is a publicly available register of member's interests (although this is not published on the Council's website) and their expenses. The Standards Committee is effective and regular returns to the Standards Board for England are made. The complaints procedure for the public and the whistleblowing policy are available in a variety of formats. The Council has identified its key partnerships and ensures they have an appropriate, documented form of governance, including information sharing. However, the Standards Committee does not produce an annual report on its work and compliance work has not yet been extended to partnerships.</p>	
<p>KLOE 2.4 (risk management and internal control)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>The Council has a well developed and embedded approach to risk management, which is a key feature of its business processes. Corporate, operational, project and partnership risks are identified and evaluated. The Corporate risk register, along with Departmental registers and Service risk registers are actively managed and these link to the Councils Strategic and Service objectives, supported through the use of a Performance and Risk Management System (PRISM). Norfolk has a published Anti Fraud and Corruption Strategy which is reviewed and updated against best practice and a good track record in managing its corporate risk of fraud and corruption. The Audit Committee is balanced in membership, objective, independent and knowledgeable. The work of the Committee has provided effective challenge throughout the year, which has resulted in additional reviews and reports back to the Committee. Business Continuity Management is developed with the involvement of all service areas, partners and other organisations.</p>	

Appendix 1 – Use of resources key findings and conclusions (Norfolk County Council)

Managing resources

Theme score 3	
KLOE 3.1 (use of natural resources) Score VFM criterion met	3 Yes
<p>There is a clear understanding of the consumption of natural resources across the organisation and there is a strategic approach to reducing its use of resources, using carbon emissions as a proxy measure. The baseline figure for carbon emissions has been used to identify those areas where it can most effectively intervene to reduce consumption. The Council has developed and funded a carbon management strategy with a target to reduce direct carbon emissions by 25 per cent over the next five years. It has engaged with its staff to actively promote and gain their commitment to the energy saving campaign and has been particularly successful in working with children in reducing energy consumption at their schools. The Council works with a wide range of partners to improve biodiversity and manage environmental risks.</p>	
KLOE 3.2 (strategic asset management) Score VFM criterion met	3 Yes
<p>Asset management planning is integrated with service planning. The three year Property Asset Management Plan sits alongside the capital strategy and focuses on the role that property assets have in supporting the Council's priorities and provides a strategic view of the portfolio in improving the efficient delivery of its services. There are effective systems in place to ensure that it has the assets it needs, that they are fit for purpose and provide value for money. The ongoing maintenance and use of assets is supported by a database providing comprehensive information. The Council is working actively with partners, for example in conducting area based reviews to identify opportunities for joint use of assets. Reviews of functions have led to improved use of assets in the community.</p>	

Appendix 2 – Use of resources key findings and conclusions (Fire and Rescue Service)

The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

Theme score 2	
KLOE 1.1 - Financial planning	2
KLOE 1.2 - Understanding costs and achieving efficiencies	2
KLOE 1.3 - Financial reporting	2
<p>The Fire and Rescue Service (FRS) has an adequate system of integrated financial planning on a medium to long term basis, it engages with local communities and other stakeholders in the financial planning process annually through the County Council's participatory budget consultation and every three years through its own Integrated Risk Management Plan consultation. The FRS has a robust track record of managing spending within existing resources, and has financially sound plans for the medium term. For several years, it has managed its financial resources effectively, staying within the budget parameters set for it each year. In 2008/09, the underspend for the service totalled £12,000, an outcome in keeping with performance in previous years.</p> <p>Financial governance and leadership of the service has recently been strengthened and is beginning to have a positive impact. Take up of the corporate development programme in financial skills has been limited as has devolution of budgetary authority. The County Council's Overview and Scrutiny Panel has provided a good challenge, on the broad direction of the service financial strategy and the FRS has used a priority based budgeting exercise to begin to develop a more robust internal debate.</p> <p>There is an adequate understanding of the costs and benefits of all its activities. The link between cost and performance has become more clearly established, with the new Service Implementation Team (SIT) taking on new functions for both. However, there have been occasions when the use of cost information in making decisions has been inconsistent.</p>	

Appendix 2 – Use of resources key findings and conclusions (Fire and Rescue Service)

Managing finances (continued)

The FRS has a good track record on identifying the scope for making efficiencies. It has achieved the highest level of efficiencies for county council fire and rescue services in the country. The service has increased capacity through different ways of working such as civilianisation, changes to crewing levels, and the more effective deployment of appliances and uniformed staff.

The FRS has good reporting systems for financial information, although the use of financial information to help deliver improved performance is not consistently effective. The integrated public reporting of finance and performance information is adequate, and the service uses the County Council website to bring financial information into the public domain. The FRS regularly takes the opportunity through press releases and wider communication to publicly demonstrate how it is achieving good value for money in delivering local impact through its activities, but does not yet do enough to show how it is using its resources to address the need of diverse communities.

Governing the business

Theme score 2	
KLOE 2.1 - Commissioning and procurement	2
KLOE 2.2 - Data quality and use of information	2
KLOE 2.3 - Good governance	2
KLOE 2.4 - Risk management and internal control	2
<p>The approach to commissioning and procurement is adequate and improving. This has ensured that service procurement is increasingly based on needs assessments and national strategies, which helps ensure the best possible price and quality for goods and services purchased, and is driven by the corporate priority outcomes. However, the FRS does not yet effectively evaluate different options for procurement and commissioning and the procurement framework is not yet embedded in the service.</p> <p>The FRS has a good record of involving local stakeholders and suppliers in commissioning services. A recent example is the 2008 Rural Services Review (RSR) which looked at the need to meet demand for service delivery in rural areas, addressing Retained Duty Staff (RDS) availability, maintenance of RDS skills and competence, and the delivery of services to the high risk elderly community.</p>	

Governing the business (continued)

The FRS produces relevant and reliable data, and is working with partners to develop a stronger flow of high quality partnership data. Clear protocols for data collection, analysis, handling, recording and reporting of National Indicators have been established by the County Council, and the FRS adheres closely to these. The FRS is working to improve data quality in non-risk critical supporting software systems.

The FRS provides decision makers with performance monitoring information that is fit for purpose, although more could be done to improve data integration, presentation and accessibility which would help instil a stronger performance culture. There is good use of performance information to address under-performance, and a clear example is reduced sickness absence.

The FRS promotes and demonstrates the principles of good governance. Members took a leading role in the development of the Rural Services Review, which addressed challenges of service delivery, and especially response and fire safety, in rural Norfolk. However, the FRS does not maintain a consistent focus on its purpose and vision. The FRS is in transition from a traditional, hierarchical culture to one that has effective capacity and capability and modernisation has become an additional burden on existing staff. Relationships with representative bodies can be difficult and mutually frustrating and as a result the FRS is distracted by internal issues of leadership and change, and thus more inward focused than its priorities require.

The FRS has an adequate approach to risk management, with some good examples of successful partnership working. There is a clear strategic focus on risk which draws on, and feeds into, the robust framework in use at the County Council. However, approaches to risk are not sufficiently standardised across the FRS, with ongoing briefings at stations about methodologies for escalating and de-escalating risk. Health and Safety risk management has been more high profile and a priority for the FRS in recent times due to risks identified through operational and thematic internal audits.

Appendix 2 – Use of resources key findings and conclusions (Fire and Rescue Service)

Managing resources

Theme score 2	
KLOE 3.1 - Workforce planning	2
<p>The FRS has an adequate approach to planning, organising and developing its workforce to support the achievement of its strategic priorities. The FRS has a productive and skilled workforce, but some key competences, such as use of breathing apparatus have not been consistently maintained.</p> <p>The FRS has a good knowledge of what staff it needs, and with what skills, in the medium to long term, but the pace of progress in delivering this now needs to quicken. The FRS has separate workforce resourcing and workforce development plans which are refreshed annually. However, the effectiveness of these processes to date has been mixed as some competence levels have not been effectively maintained across wholetime and retained crews. Diversity recruitment targets are challenging and progress towards the stretch targets is slow. A key area for improvement is the measurement of performance on workforce resourcing and development.</p> <p>Engagement with staff on organisational change needs to be strengthened as some mechanisms for involving staff in planned organisational change are set up on an ad hoc basis. This has created a culture in some parts of the organisation where change is seen as a distraction from core business, rather than a means to enhance delivery of it.</p> <p>The FRS commitment to diversity and equality has not had a significant impact on recruitment and awareness, although there are recent signs of positive change. There is a framework of strategies and guidance and training for staff, and Equality Impact Assessments have been piloted across services. A new FRS equality officer is drafting a new equalities strategy and developing links with community groups. The FRS has signed up for stretch targets and is working on positive action initiatives to increase applications from women and people from minority ethnic communities.</p>	

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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