

meeting	<b>NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE &amp; RESCUE AUTHORITY</b>	
	<b>FINANCE AND RESOURCES COMMITTEE</b>	
date	<b>15 September 2006</b>	agenda item number

## **REPORT OF THE CHIEF FIRE OFFICER**

### **COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA)**

#### **1. PURPOSE OF REPORT**

To bring to the attention of Members the latest thinking with regard to the CPA and specifically highlight those areas of particular interest or concern to the Members of this Committee.

#### **2. OVERVIEW**

2.1 CPA for Fire and Rescue Authorities is taking the form of five specific examinations:-

- § Direction of Travel - How far has the authority moved forward against its plans in response to the initial CPA assessment;
- § Service Assessment - An assessment of the efficiency and effectiveness of Service Delivery similar in scope to the HMFSI inspections of the past;
- § Use of Resources - Consideration of how the Authority uses its resources and largely an extension of the "Auditors Scored Judgement" aspect of the original CPA;
- § Value for Money - A specific new element dealing with Value for Money;
- § Data Quality - A new element dealing with the quality of the data underlying the production of Performance Indicators;

2.2 Whilst Members will be concerned by all elements of the CPA it is particularly appropriate for Finance and Resources Committee Members to focus on the two areas of Use of Resources and Value for Money.

#### **3. USE OF RESOURCES**

3.1 The Use of Resources element of CPA is similar in many respects to the Auditors Scored Judgement it is clearly a much harder test than was applied in the initial CPA. It is in fact an even harder test than that which has been applied to upper tier authorities in the recent CPA round in Local Government. It is not clear as to why this is the case but what it means is that there are no meaningful comparisons that can be made between differing types of authority, nor even between CPA results in the same authority.

- 3.2 Nottinghamshire and City of Nottingham Fire & Rescue Authority for example scored a level 4 on all elements apart from 2 on the original Auditors Scored Judgement. It will be exceptionally difficult to replicate this performance against the new expectations. Ironically it may be possible for an Authority such as Nottinghamshire to be considered to be progressing well against the original action plan (for the direction of travel indicator) and yet get an overall score which is lower than that which was achieved in the last CPA.
- 3.3 The CPA is assessed against a number of Key Lines of Enquiry known as KLOEs and these are split into particular objectives. In terms of the Use of Resources Element these are:-

### **1. FINANCIAL REPORTING**

#### **How good are the Authority's financial accounting and reporting arrangements?**

- § The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers;
- § The authority promotes external accountability.

### **2. FINANCIAL MANAGEMENT**

#### **How well does the authority plan and manage its finances?**

- § The authority's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities;
- § The authority manages performance against budgets;
- § The authority manages its asset base.

### **3. FINANCIAL STANDING**

#### **How well does the authority safeguard its financial standing?**

- § The authority manages its spending within the available resources

### **4. INTERNAL CONTROL**

#### **How well does the authority's internal control environment enable it to manage its significant business risks?**

- § The authority manages its significant business risks;
- § The authority has arrangements in place to maintain a sound system of internal control;
- § The authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

## 5. VALUE FOR MONEY

5.1 The authority currently achieves good value for money;

5.2 The authority manages and improves value for money.

3.4 The Authority has carried out a self assessment against each of these elements and a view has been taken as to how the scores might be applied. This has been done however against a backdrop of the initial KLOEs being only a consultation version. The final version was released in mid-August, but a full self assessment against these new KLOEs has not yet been completed. On first reading however, the revised KLOEs do not appear to differ significantly from those used in this assessment.

Objective	Score
1.1	3 possible 4
1.2	Presently 2 but 3 should be achieved
2.1	Presently 3 difficult to achieve 4
2.2	Level 2 with some compliance at level 3
2.3	Some work required to fully comply at level 2
3.1	Easy compliance at level 3 possibly achieve level 4
4.1	Possible to achieve level 3 and level 4
4.2	Level 2. Can achieve level 3
4.3	Already at level 2 some work required for level 3
5.1	Difficult to assess as key data not available but should achieve level 3
5.2	Should achieve level 3. Level 4 will require further work.

Again it is difficult to translate these scores into an actual score as the weighting for each element is unclear.

3.5 Looking at the shortfalls there are a lot of areas which cannot be achieved because they rely not on plans and strategies but actual evidence of achievement against plans. This is particularly true of higher level corporate strategies.

3.6 There are however a number of areas which require inputs in respect of training and awareness and a number of these relate to Members particularly in relation to risk management and budgetary control. These issues are to be addressed as part of the Member awareness training which is to take place.

3.7 Looking at the overall picture for the set of KLOEs that make up the Use of Resources element and accepting that there are no guarantees for the eventual outcome it is probably fair to say that it would be disappointing not to be able to achieve a level 3 overall.

## 4. VALUE FOR MONEY

4.1 It is very difficult from the information available to see how this assessment is to be carried out. It seems to rely on a Value For Money self assessment questionnaire which follows the Use of Resources KLOE almost to the letter. This section invites authorities to provide evidence of their pro-active approach to Value for Money which will be greatly assisted by the fact that in Nottinghamshire, the Authority have already agreed a Value For Money programme and strategy, progress against which is reported on elsewhere on this agenda.

4.2 Key to success in this area is cost awareness both in terms of why the Authority's costs structure is as it is and also why it is different to other similar authorities both in terms of cost and service quality. This sort of information is not readily available and it is becoming clear that the Auditors will put a significant reliance on CIPFA statistics which are yet to be published.

4.3 Just as important in this section is being able to measure the cost effect of policy decision making. The decision rule is not limited to a crude comparison of cost but balances this against potential and actual outcomes. In simple terms spending more than neighbouring authorities can be a good thing if it is matched by improved performance and quality and there was a definite policy decision made to do so.

4.4 Some steps have already been taken to look at deprivation and its relationship to risk and spending but clearly more work will be required to adequately demonstrate that Value for Money is being achieved.

## **5. RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications within this report.

## **6. PERSONNEL IMPLICATIONS**

There are no implications for personnel within this report.

## **7. EQUALITY IMPACT ASSESSMENT**

There are no issues for equalities within this paper.

## **8. FINANCIAL IMPLICATIONS**

There are no specific implications for finance arising from this paper beyond those at the corporate level as set out in the report.

## **9. RECOMMENDATIONS**

That Members note the contents of this report.

## **10. BACKGROUND PAPERS FOR INSPECTION**

None.

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