



Use of Resources 2008/09

South Derbyshire District Council

07 December 2009

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1 Key messages

1.1 Introduction

Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether South Derbyshire District Council ('the Council') has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'). In addition, auditors are required to score councils' performance in this area as part of the Comprehensive Area Assessment (CAA). This report presents the results of our value for money and use of resources work in 2008/09. We have separately issued our annual report to those charged with governance (ISA260). The key messages from both of these reports will be summarised in the Annual Audit Letter.

The recommendations arising from our review are set out at Appendix A. We would like to take the opportunity to remind the Audit Committee of the need to monitor implementation of these.

1.2 Context

In 2009, the Audit Commission introduced a new framework and methodology for UoR assessments across local government, police forces, fire authorities and primary care trusts. The new framework emphasises *outcomes* over *processes*, and brings new areas into the assessment such as environmental and workforce management. The new assessment presents a more robust challenge than the old framework, based on different scoring criteria. It should be noted, therefore, that changes from prior year scores may not necessarily reflect an objective change in performance. We presented the changes in the regime to your officers at a training workshop in December 2008 and have been meeting regularly with our key contacts within the Council to ensure the new approach has become established as efficiently as possible. The UoR scores are taken into account by the Audit Commission in its organisational assessment of the Council under CAA and, as such, we have been working closely with the Audit Commission throughout the assessment period. Further detail about the new framework and the link to CAA are set out at Appendix B.

1.3 Key messages

- 1.3 The Council's UoR scores in the three themes are summarised in the table below. A score of 2 indicates performing adequately and a score of 3 indicates performing well. Scores of 1 and 4 are possible under the regime but were not awarded at the Council this year. For a full explanation of scoring criteria, please see Appendix C.

Table 1: UoR scores

Theme	2008/09 score
1 Managing finances	3
2 Governing the business	3
3 Managing resources	2

We have assessed the Council as meeting at least minimum requirements in all areas. The Council has been assessed at level 3 for managing finances and governing the business and level 2 for managing resources. In particular, the Council has good arrangements in place for financial planning and financial reporting. The Council also has good partnership arrangements in place for securing data quality and governance.

Key actions for the Council arising from our assessment include the following:

- demonstrating further reductions in costs and / or improvements in services as a result of the decision-making process;
- demonstrating a clear rationale for insourcing / outsourcing decisions for key services, focussing on achieving integrated social, economic and environmental outcomes;
- fully integrating its risk management processes and procedures to ensure a consistent corporate approach; and
- ensuring that it has sound arrangements in place to demonstrate that it is at least 'getting the basics right' for managing natural resources in 2009/10 (e.g. CO2 emissions, water consumption and air quality).

Further details of work to support our 2008/09 UoR assessment are given in section two.

1.4 Next steps

We will continue to work with the Council during the year to help prepare for the 2009/10 UoR assessment. For further details on next year's assessment, please see Appendix D.

1.5 Use of this report

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and Standing Guidance to Auditors and should not be used for any other purpose. No responsibility is assumed by us to any other person.

This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of UoR is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

1.6 Acknowledgements

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's officers during the course of this audit.

2 Overview of scores

2.1 Introduction

In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code). The Code requires us to issue a conclusion on whether South Derbyshire District Council (the Council) has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources ('VFM conclusion'). The UoR assessment forms the backbone of this process and is based on assessing the Council against a number of Key Lines of Enquiry (KLoEs), which are prescribed by the Audit Commission and applied at all Councils, Police Forces, Fire Authorities and NHS PCTs.

2.2 Approach to the audit

The assessment was carried out between January and August 2009. We reviewed the Council's arrangements against the KLoE framework prescribed by the Audit Commission. Our work was based on a detailed review of the Council's self-assessment and supporting evidence and meetings with senior officers.

2.3 2008/09 UoR assessment

The 2008/09 theme and KLoE scores are shown in the table below.

Table 2: UoR theme and KLoE scores

Theme / KLoE		Score
Theme 1 - Managing finances		3
KLoE 1.1	Financial planning	3
KLoE 1.2	Understanding costs	2
KLoE 1.3	Financial reporting	3
Theme 2 - Governing the business		3
KLoE 2.1	Commissioning and procurement	2
KLoE 2.2	Use of information and data quality	3
KLoE 2.3	Good governance	3
KLoE 2.4	Risk management and internal control	2
Theme 3 - Managing resources		2
KLoE 3.1	Managing natural resources	N/A
KLoE 3.2	Asset management	N/A
KLoE 3.3	Workforce management	2

Please note:

- Some KLoEs have an overriding impact on theme scores (see Appendix C for more details of scoring criteria and arrangements).
- Different KLoEs are specified for assessment each year and across different types of organisation (see Appendix D for details).

2.4 2008/09 VFM conclusion

Under the Code of Audit Practice (the Code), auditors have a responsibility to conclude whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This conclusion is the value for money (VFM) conclusion. Section 3 of the Code sets out the scope of these arrangements and the way in which auditors will undertake their work.

The wording for the VFM conclusion is specified by the Audit Commission.

Auditors inform and limit their VFM conclusion, by reference to relevant criteria. These criteria cover particular areas of audited bodies' arrangements, specified by the Commission under the Code. From 2008/09, the KLOE for the scored use of resources assessment also form the criteria for the VFM conclusion. The Commission will specify each year which of the use of resources KLOE will form the relevant criteria for the VFM conclusion at each type of audited body.

Auditors address a 'yes' or 'no' question for each criterion – that is, the audited body either has proper arrangements or it does not. A 'no' judgement will be equivalent to level 1 performance for the use of resources assessment, and a 'yes' judgement will be equivalent to level 2 performance or above. Criteria with a 'no' judgement will automatically apply in the following year regardless of whether or not they are specified.

For bodies subject to a scored use of resources assessment for CAA, the KLOE forming the relevant criteria for the 2008/09 and 2009/10 VFM conclusions are those specified at Appendix D.

On the basis of the KLOE scores assessed in 2008/09 for South Derbyshire District Council, we concluded that proper arrangements were in place to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009, which was reported in our VFM opinion in the Council's statement of accounts..

The key findings in each of the KLOEs, and areas for improvement, are set out in the sections 4-6.

3 Outcomes, engagement and consistency

3.1 Identifying outcomes, outputs and achievements

In order to score level 3 or above in the new UoR assessment framework, organisations were required to show that processes are *effective* and having the *intended impact*. This is an important shift in emphasis from the previous framework, within which organisations could achieve top scores by demonstrating excellent processes. The table below gives generalised examples of the types of outcome that have led to higher scores for KLOE 1.1 within the managing finances theme.

Table 3: Illustrative examples of outcomes, outputs and achievements for KLOE 1.1

	Outcome	Output	Achievement
Managing finances			
KLOE 1.1	Investment in priorities leads to improved performance	Savings targets met, performance reward grant achieved	Positive external assessment

There are some common sense principles that should be taken into account when seeking to identify outcomes:

- organisations should not have to identify new outcomes for the purposes of UoR assessment, as these should be identified and captured through existing management activity;
- outcomes and outputs should be measurable where possible, but if this is not the case then a qualitative description of the improvement is still useful; and
- there may not be a 1-2-1 relationship between processes and outcomes. There may be a small number of outcomes that arise as the net effect of processes across a KLOE area.

Illustrative examples for all the KLOEs can be found at Appendix E.

3.2 Engagement in the assessment process

Our workshop to introduce the new UoR framework to our appointed audited bodies in December 2008 was attended by key officers from the Council. We held regular update meetings with the Council's appointed UoR lead and other key officers throughout the review process and worked closely with the Council to facilitate the completion of a comprehensive self-assessment with relevant supporting evidence.

In addition to this report, we have also produced a presentation for the Council's Audit Committee and Cabinet, which are included at Appendix E. This presentation also includes a summary of national score comparisons for 2007/08 and 2008/09.

For the 2009/10 assessment, we will continue to work closely with your officers in the identification of outcomes and supporting them in telling "the story" of South Derbyshire.

3.3 Approach to ensuring consistency

In line with the Audit Commission's move to CAA, the new use of resources framework has been designed to provide more flexibility to recognise local issues, priorities and achievements. This has given auditors more freedom to establish the individual "story" of each organisation, rather than applying a rigid best practice template. To support this, both the Audit Commission and Grant Thornton UK LLP have put in place new arrangements for ensuring that judgements and scores are reached in a fair and consistent way.

A more detailed explanation of both the Audit Commission's and our approaches to ensuring consistency can be found at Appendix F.

4 Managing finances

4.1 Theme summary

The overall score of 3 for managing finances comprises scores of level 3 for KLOE 1.1 and KLOE 1.3 and level 2 for KLOE 1.2.

The Council's overall management of its finances has been assessed as level 3 - performing well.

See Appendix C for a fuller definition of what 'performing well' means.

4.2 KLOE 1.1 - Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health? LEVEL 3

Overall, the Council is performing well in this area. Based on knowledge from previous UoR assessments, evidence to support this year's UoR assessment and other audit work, we are satisfied that the Council has sound arrangements in place and can demonstrate clear outcomes and VFM achievements across the KLOE focus points.

Financial planning

We are pleased to note that the Council links financial planning processes to risk management and planning other resources (e.g. fixed assets, HR). The Council performs well (to level 3) in this area and plenty of examples were provided to demonstrate that the Council consistently plans its finances effectively to deliver its strategic priorities and secure sound financial health.

The Council was able to demonstrate to us how effective financial planning has contributed to:

- sustained focus on priorities, by shifting resources from low to high priority areas, showing achievement of improvements to priorities, for example
- timely and efficient completion and approval of the annual budget
- a good track record in maintaining and delivering a balanced budget
- a structured medium-term approach to delivering savings and a good track record of achieving efficiencies, which are risk managed and agreed with key partners
- a well managed capital programme, linked to priorities and service improvements.

Medium-term financial planning

The Council has a well established Medium-Term Financial Plan (MTFP) that determines its priorities over 5 years. We were satisfied that the MTFP process is underpinned by the Council's risk management processes and clearly drives its annual budgeting. The MTFP is reviewed quarterly and updated for significant changes. The latest review and update was discussed on 15 January 2009 with final proposals being approved on 17 February 2009.

Engaging with stakeholders

The Council uses regular consultation exercises with external stakeholders to assist its financial planning and objective setting. This takes place through direct contact with the Citizen's Advice Bureau and the Community and Voluntary Service (including attendance at Board meetings), tenants' groups, NNDR consultation and Area Forums.

However, it is important that the Council is able to demonstrate a clearer link between financial planning and consultation activity (with the public and partners).

Recommendation 1: Effective use of consultation in financial planning

The Council needs to continue to develop arrangements to demonstrate more clearly how it is using the feedback from consultation exercises effectively to influence the financial planning process (e.g. through the introduction of participatory budgeting).

Implications for not implementing this recommendation

A lack of effective stakeholder engagement in the financial planning process and, as a consequence, the potential for the delivery of unwanted and / or ineffective public services.

Managing spending

The Council's MTFP demonstrates spending within available resources and provides us with assurance that the Council has a sound financial position over the medium-term. Devolved budget and financial monitoring forms a key part of managing spending and has been in place at the Council since 2001. Each budget monitoring report sets out how monitoring takes place throughout the year, directly involving services as part of performance management.

Financial governance

Financial governance arrangements are strong, with the challenge element being demonstrated in the minutes of budget meetings. For example, the minutes of the January 2009 Finance and Management Committee meeting clearly highlight, in a summing up from the Chairman, that the Committee was fully aware of the financial situation and was content with officers' financial assumptions and risk analysis.

In addition, we were provided with minutes from the Scrutiny Committee, which confirmed that it also passes comment in considering the budget position and the underlying risks and assumptions and the effects on certain parts of the Community.

The leadership element of governance is demonstrated on two fronts. Firstly, the senior management team (SMT) review of service base budgets (e.g. each Service Head having to account for their services against a baseline review template). This is done to drive out efficiencies for service improvement. Secondly, by the action plan implemented to mitigate the effects of a worsening budget position during 2008/09 to protect the Council's longer-term financial position. This, in our

opinion, also clearly shows the direct involvement of service managers in the financial process and the actions that have been taken to address significant issues.

4.3 KLOE 1.2 - Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities? LEVEL 2

Overall, the Council is performing adequately. The key focus area where it needs to demonstrate improved outcomes to achieve level 3 overall for this KLOE is decision-making. In particular, the need to demonstrate further reductions in costs and / or improvements in services, as a result of the decision-making process.

Understanding costs

We concluded that the Council has a good understanding of its costs and performance. In addition to the corporate performance monitoring framework, for the last 3 years, officers have demonstrated to us how the Council has utilised an Institute of Public Finance (IPF) report that analyses and compares spending and performance to review areas where costs appear high.

Decision-making

As a result of these reviews, officers considered that the Council has made decisions based on a better understanding of its costs. One example is corporate and democratic costs, and although these costs were not reduced, the review resulted in a reallocation of costs into direct services and a better understanding of the corporate costs of the Council. We were satisfied with the revised accounting treatment of these costs and that the example demonstrated an improved outcome for the Council.

The IPF report has also led to a review of the costs of Strategic Housing, which was subject to Inspection by the Audit Commission in 2008. On this point, the report concluded that: "General Fund housing services were the most expensive in the peer group. The Council has explored the possible reasons for this difference and has identified that other authorities have different practices when splitting the cost of housing services between the General Fund and the Housing Revenue Account. As a result, the Council has redistributed some costs in order to achieve a fairer apportionment" Again, we were satisfied that this demonstrates the Council challenging and understanding its cost base and acting upon its findings.

We saw evidence that cost variances are analysed and fed back into the financial planning. For example, the effects of the economic downturn and an anticipated reduction in income were analysed against a set of assumptions and projected forward in the latest MTFP, with the consequences outlined for the Council's position.

However, the Council should now seek to derive further benefits from such reviews, arising from its analysis of the IPF report or other service reviews. For example, the Council should consider undertaking a corporate activity-based costing (ABC) review or business process reengineering (BPR) approach or a Council-wide LEAN systems review to provide a more comprehensive understanding of costs and deliver significantly better VFM.

Recommendation 2: Improving the outcomes of decision-making

The Council needs to demonstrate further reductions in costs and / or improvements in services as a result of the decision-making process.

Implications for not implementing this recommendation

The increased pressure on the longer-term financial plan.

Making efficiencies

The costs of the Waste and Cleansing Service were subject to a market testing exercise in 2007. This led to a full competitive tendering exercise in 2008 where the unit costs of the Council were reviewed and tested against external service providers. The result was that the Council saved £50,000 per year compared to current costs.

In addition, the Council is currently exploring outsourcing its support services and / or collaborating with other councils. This should deliver substantial efficiencies in the future.

Recommendation 3: Support services project

The Council should pursue its current project exploring the delivery of support services to generate efficiencies.

Implications for not implementing this recommendation

Failure to realise efficiencies resulting from a remodelled delivery of support services.

4.4 KLOE 1.3 - Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people? LEVEL 3

Overall, the Council is performing well. Based on knowledge from previous UoR assessments, evidence to support this years UoR assessment and other audit work, we are satisfied the Council has sound arrangements in place and can demonstrate clear outcomes and VFM achievements across the KLOE focus points.

Financial monitoring and forecasting

The Council produces regular financial and budget monitoring reports and undertakes half-yearly reviews of the 5 year MTFP. These reports focus upon the impact of variances on the final out-turn and use unit cost information to model future spending needs, based on key risks and assumptions with sensitivity analysis. As previously highlighted, monitoring reports show an action plan which demonstrated to us that remedial measures are taken in-year and beyond.

Budget managers feed into the financial process and input into reporting. This is led by SMT and Heads of Service who review information before it is reported to the relevant policy Committee. Monitoring reports are every 2 months throughout the year with interim out-turn positions reported in mid-March and late April.

Using fit-for-purpose financial reports to monitor performance and support strategic decision making

The Council's financial management system (FMS) gives live access to all users and provides up-to-date profiled monitoring information at any time (i.e. budget managers do not have to await the month-end for information). The reports can be accessed in a variety of formats using the "Excelerator" function or across the Web browser.

Publishing reports

The Council's Annual Report provides a summary of performance and the most recent document was, in our opinion, well presented and a rounded assessment of areas of the Council's performance. External reporting has been consistently good in prior years and the Council continues to seek improvements.

Preparation of accounts

We are pleased to note that there were no significant audit adjustments in the Council's accounts for 2008/09, which were produced on a timely basis by 30 June 2009 and supported by a set of working papers that were of a continuing high standard. The Council was also fully engaged with ourselves in the 2008/09 accounts closedown process, through monthly meetings to discuss emerging issues to reduce the risk of audit adjustments in 2008/09.

In addition, we consider that the readability of the financial statements was good, with clear and concise language used to explain accounting implications and terminology. The financial statements and the Council's internal management accounts reconcile, which ensures both internal and external financial information is reported consistently. Summary accounts were also produced.

In order to improve its performance further, from these already high standards, the Council may wish to consider developing further the level of detail included in its analytical review procedures within its working papers.

Recommendation 4: Improving the audit process

The Council should provide more extensive analysis of the year on year movements within its balance sheet and income and expenditure account and, where appropriate, be able to provide evidence to support these movements.

Implications for not implementing this recommendation

Financial reporting will not achieve best practice standards even if the financial statements are completely error free.

5 Governing the business

5.1 Theme summary

The Council has been assessed at level 3 for governing the business, which comprises scores of level 3 for KLOE 2.2 and KLOE 2.3 and scores of level 2 for KLOE 2.1 and KLOE 2.4.

The Council's overall governance arrangements have been assessed as level 3 - performing well.

See Appendix C for a fuller definition of what 'performing well' means.

5.2 KLOE 2.1 - Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money? LEVEL 2

Overall, the Council is performing adequately but needs to improve outcomes in the following focus areas: understanding the supply market; evaluation of procurement options; and reviewing service competitiveness and achieving value for money and wider objectives.

Clear vision of expected outcomes

The Council has a Procurement Strategy in place including an action plan which links to the Corporate Plan through the IT and Business Improvement Service Plan. The annual procurement review (May 2008) included a strategic procurement review of all Council services by 2011, which has prioritised certain areas. The reviews are then brought together in the IT and Business Improvement Service Plan.

The Council works with Partners (e.g. Derbyshire Transformational Partnership). We were informed of a number of initiatives which include:

- continuing to build on partnership savings that are highlighted in the Idea case study, which enables savings to be achieved that would not of been possible in isolation;
- Park Smarter: concessionary travel, implemented through a partnership approach; and
- the Council's website is now delivered in partnership with Derbyshire County Council, Derbyshire Dales District Council and Erewash Borough Council.

Extensive involvement in commissioning

The Council engages stakeholders and service users through its Community Strategy and Local Area Agreement (LAA). Business Improvement Reviews are part of the service plans as demonstrated in the Annual Business Improvement report (May 2008).

Feedback is received via annual service satisfaction surveys and the Citizen's Panel and the Council has a procurement section on its website which provides user-friendly guidance for service users. The Council also asks users to provide feedback as part of its usability testing programme.

South Derbyshire Tenant's Forum was provided to us as an example of stakeholder involvement in service provision and redesign.

Improvement through service redesign

The Council's ICT strategy links to the Corporate Plan through the IT and Business Improvement Service Plan. The Council's service plans include reviews to evaluate outcomes of any service redesign.

Two examples of service redesign are the new Contact Centre and the CRM system which were implemented to deliver improved services from a customer perspective, and the development included input from Derbyshire Association Blind. The range of services provided by the Council continues to expand.

SOCITM Better Connected report puts the Council in the Top 20 local authority websites and shows continuous improvement, providing another example of improving the customer experience.

Understanding the supply market

The Council has a procurement strategy in place and has undertaken a review of its purchasing system to enable a broad perspective of market issues to be determined from the Council's perspective.

However, we consider that the Council needs to develop further its understanding of the supply market and implement demand management in services.

Recommendation 5: The supply market

The Council needs to develop further its understanding of the supply market and implement demand management services.

Implications for not implementing this recommendation

The risk of a lack of engagement with partners and providers resulting in a lack of awareness of future needs.

Evaluation of procurement options

The Derbyshire Procurement Forum pursues collaborative arrangements with other local authorities to achieve savings, for instance stationery and IT consumables.

The Council also incorporates the (direct and indirect) costs of acquiring, running and disposing of assets or resources. We were informed that project reviews are carried out (e.g. the Waste and Cleansing review and review of stock options).

However, the Council was unable to demonstrate to us that it is on track to deliver key intended outcomes whilst working with partners.

Recommendation 6: Delivering key outcomes

The Council needs to work with partners to enable it to demonstrate that it can deliver key intended outcomes in line with agreed milestones.

Implications for not implementing this recommendation

The risk of not securing the innovation required to continue to improve levels of customer satisfaction.

Reviewing service competitiveness and achieving value for money and wider objectives

The Council has a Business Improvement Board in place to achieve efficiency targets and to provide challenge. A review of projects is undertaken on completion (e.g. waste and cleansing).

A soft market testing example via corporate services partnership is procurement for Housing. This is a Government recognised scheme for the purchase of materials.

However, whilst the Council is developing a corporate risk-based approach to reviewing services, it not yet able to demonstrate sufficient improvements as a result to support a level 3 assessment for this KLOE.

Recommendation 7: Achieving value for money

The Council needs to demonstrate a clear rationale for insourcing / outsourcing decisions for key services, focussing on achieving integrated social, economic and environmental outcomes.

Implications for not implementing this recommendation

The failure to deliver value for money, whilst meeting wider social, economic and environmental objectives for key service areas.

5.3 KLOE 2.2 - Does the organisation produce relevant and reliable data and information to support decision making and manage performance? LEVEL 3

Overall, the Council is performing well in this area.

Produces relevant and reliable data and works with partners to secure data quality

The Council produces relevant and reliable data through mechanisms supported by its Data Quality Policy and Data Sharing Protocol with key partners and has implemented a new performance management system (TEN) that uses the COUNT principle, whereby it collects data once and uses it numerous times, to underpin data collection and use.

The Council collects equalities monitoring information and is using this to shape services. For example, having collected information regarding requests for information and translation the Council has added Polish to the list of languages it provides translation services for.

In addition, the Council works with key partners (e.g. Derbyshire Partnership) to identify and resolve data quality issues. For example, the national fraud initiative (NFI) and housing revenue and benefits information.

Provides information which supports the decision making process

Relevant performance information is collated and reported to Officers/Members on a quarterly basis to manage performance and shape service delivery to respond to declining performance levels. It is also reported to each of the Policy Committees on an exception basis.

We saw that trend data is highlighted and the Council uses this performance information to shape decisions to improve service delivery. Officers drew our attention to an example of an approach to tackle the issue of poor planning performance, whereby the Council undertook a scrutiny review in this area to look at the problems and processes in place and restructured the service to respond to this. Performance in this area is now improving, which we accepted as a clear outcome of the Council's efforts.

Ensures data security and compliance with statutory requirements

The Head of IT and Business Improvement is the Senior Information Risk Owner (SIRO), who ensures that the Council complies with codes of connection for services. We found that up to date security policies were in place, which are subject to regular review. We agreed that good practice standards were incorporated and were provided with evidence that security incidents were monitored and managed. A security review is undertaken monthly and the overall outcome is that there have been minimal security occurrences during the past 5 years.

Monitors performance against priorities

We were satisfied that the new Corporate Plan 2009-2014 is based on a robust evidence base and detailed consultation with the Council's key stakeholders has taken place. The Corporate targets are resourced and are delivered through actions that are identified through evidence; these are filtered down through service plans to personal development reviews (PDRs) as part of the Corporate

Planning Process. We saw evidence of this process and were satisfied that corporate priorities could be traced down to individual actions.

The Council has a good track record of meeting and exceeding its efficiency targets as outlined in NI 179 and evidence shows that it has done this consistently over the past 3 years.

Whilst the Council has trained its key officers on a one to one basis with the necessary skills regarding data quality, it is yet to roll out this training Council-wide.

Recommendation 8: Data quality and managing performance knowledge transfer

The Council needs to ensure that the implementation plan for the delivery of Council-wide training on data quality and managing performance is undertaken.

Implications for not implementing this recommendation

The risk of a lack of knowledge transfer of key skills to staff resulting in the inability of the Council to perform well in the decision-making and managing performance process.

5.4 Housing benefits data quality results

In reaching conclusions for KLOE 2.2, we also considered the results of the data quality aspects of our work on housing benefits. Following testing of 70 claimants, we were broadly satisfied with the service-specific management arrangements and systems. However, the following data quality issues were noted in relation to:

- 7 cases where the number of days was incorrect which resulted in an adjustment of 8 days (0.85%); and
- 4 cases where the classification (i.e. new claim or change of circumstance) was incorrect.

The error rates above were deemed to be immaterial and, as a result, it is our rounded judgement that arrangements are adequate for benefits data quality. However, the Council should provide update training for benefits staff to improve further the quality of benefits data.

Recommendation 9: Benefits data quality training

The Council needs to provide update training for benefits staff to ensure that classifications and dates are correctly recorded for benefits claims.

Implications for not implementing this recommendation

The risk of material errors occurring in the data quality of benefits data.

5.5 KLOE 2.3 - Does the organisation promote and demonstrate the principles and values of good governance? LEVEL 3

Overall, the Council is performing well in this area.

Principles of good governance

We are pleased to note that the Council clearly demonstrates that Members and Senior Officers understand their and each others respective roles (Members roles and responsibilities were reviewed in February 2009 and individual Personal Development Plans (PDPs) were introduced for Members, to further enhance the training and development of Members). Officers demonstrated that the take-up of training and development opportunities by Members is high. The Council also collects feedback, by way of evaluation forms, about how effective Members and Senior Officers consider training and development opportunities to be. We were also provided with an example as to how it has responded to this feedback regarding Licensing & Appeals training, which was previously carried out by external providers. Following feedback from Members in 2007/08, this training was carried out in-house by officers and adapted to the needs of Members.

SOLACE has undertaken a Peer Review on the Council's Corporate Governance arrangements, which states that the Council has all the necessary documents, processes and structures in place to support good corporate governance.

Recently, the Council has received an inspection by the Officer of the Surveillance Commissioner in relation to Regulation of Investigatory Powers Act 2000, which stated that the Council was "moving to excellence".

Purpose and vision

The new Corporate Plan 2009-2014 contains a new vision, themes and priorities for the Council. The Corporate Plan priorities reflect those priorities highlighted through evidence and consultation and we were provided with the range of groups and methods that we consulted with. This included work with the Youth Forum, 50+ Survey, Values and Attitudes Group, Community and Voluntary Groups through the CVS and Disability Groups as well as the partnerships 'fit for the future' event at Toyota.

Ethical framework and culture

The Council has a set of arrangements in place for its ethical framework and culture and Officers could demonstrate clear outcomes from these arrangements.

The Council is proactively raising standards of ethical conduct, for example through providing ethics training to District and Parish Councillors and Clerks and also guidance and information through the Standards Committee. Evidence demonstrates that ethics training is well attended by Members, including long-standing Members, and this is done in conjunction with the Derbyshire Association of Local Councils (DALC), where appropriate, for both Parish Councillors and Clerks. The Council works closely with DALC to promote high standards of ethics and probity throughout the parishes and has quarterly Parish Liaison Meetings, with all the 31 parishes invited, to deal with current issues.

Partnership governance

In our opinion, the Council has a strong partnership culture. All principal partnerships have constitutions and terms of reference; this includes the South Derbyshire Local Strategic Partnership (LSP) and Safer South Derbyshire Partnership (SSDP), plus other partnerships such as the Rosliston Forestry Centre Partnership, South Derbyshire Sport and Play Partnership.

Key outcomes from these arrangements include:

- ensuring expenditure is in accordance with the terms of a grant;
- a peer review of the effectiveness of the LSP commented favourably on the governance arrangements; and
- an internal audit on SSDP via the LAA was also positive on governance arrangements.

However, it is important that the Council continues to develop further governance arrangements for all relevant partnerships to ensure that outcomes for local people continue to be delivered. For example, ensuring that relevant LAA targets are met and reward grants are achieved.

Recommendation 10: Governance arrangements for partnerships

The Council needs to develop further governance arrangements for all relevant partnerships to ensure that outcomes for local people continue to be delivered.

Implications for not implementing this recommendation

The risk that partnership targets may not be achieved (e.g. failure to meet LAA targets and reward grants may not be achieved).

5.6 KLOE 2.4 - Does the organisation manage its risks and maintain a sound system of internal control? LEVEL 2

Overall, the Council is performing adequately but needs to develop a more corporate approach to risk management which will consistently deliver improved outcomes.

Risk management

The Council's overall arrangements for risk management are, in our opinion, adequate. Risk registers are maintained and any actions are contained in service plans. An overall analysis of risk and a corporate assessment is reported to Members on a half yearly basis.

However, we found that there was scope for the Council to more fully integrate its risk management processes and procedures.

In addition, the Council needs to develop its risk registers at LSP level ensuring that these are reviewed at a regular frequency and that appropriate action is taken as a result.

Recommendation 11: Integrating risk management processes and procedures

The Council needs to fully integrate its risk management processes and procedures to ensure a consistent corporate approach.

Implications for not implementing this recommendation

Inconsistent risk management processes and procedures could result in innovative projects not delivering positive outcomes for the local public.

Recommendation 12: LSP level risk registers

The Council needs to develop risk registers at LSP level ensuring that these are reviewed at a regular frequency and that appropriate action is taken as a result.

Implications for not implementing this recommendation

A risk that relevant local partnerships would not be measuring and / or responding to risks on a timely basis.

Counter fraud and corruption arrangements

The Council produces an annual benefit fraud strategy which promotes a pro-active risk based approach to counter fraud. This is complemented by an E-learning resource on fraud.

The Council compiles a risk-register which identifies the priority areas for fraud investigation work. This includes external applications for funding, suppliers of goods and services and internal processes.

We also saw evidence that the Council takes a pro-active approach, utilising the strengths of the Communications Unit to promote and publicise the work of the unit and the outcomes of fraud investigations.

System of internal control

Overall arrangements for internal control are documented through the AGS and local code of corporate governance and the Audit Committee has questioned and reviewed the code of governance, the effect on the Constitution of partnership working and Section 106 procedures.

The Council undertakes a yearly exercise with the emergency services to test its emergency plan (JESMIP). Work also takes place with partners, especially the Police and the PCT within the LSP on business continuity planning (Council's Business Continuity Officer available for reference).

In addition, the Council commissioned PricewaterhouseCoopers to undertake a review of the effectiveness of internal audit and the Audit Committee, which reported that there were strong arrangements in place.

6 Managing resources

6.1 Theme summary

The Council has been assessed at level 2 for managing resources, which was based wholly on its score of 2 for KLOE 3.3. KLOE 3.1 and KLOE 3.2 were not applicable for district councils in 2008/09.

The Council's overall managing resources arrangements have been assessed as level 2 - performing adequately.

See Appendix C for a fuller definition of what 'performing adequately' means.

6.2 KLOE 3.1 - Is the organisation making effective use of natural resources? N/A

This KLOE was not applicable for district councils in 2008/09 but will form part of our 2009/10 assessment.

Recommendation 13: Arrangements for managing natural resources

The Council needs to ensure that it has sound arrangements in place to demonstrate that it is at least 'getting the basics right' for managing natural resources in 2009/10 (e.g. CO2 emissions, water consumption and air quality).

Implications for not implementing this recommendation

The risk of not meeting minimum requirements for this KLOE, which is being assessed for the first time at district councils in 2009/10, would result in a qualified value for money conclusion and, may result in an overall theme score of level 1 for managing resources.

6.3 KLOE 3.2 - Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs? N/A

This KLOE was not applicable for district councils in 2008/09 and is also not applicable in 2009/10.

6.4 KLOE 3.3 - Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities? LEVEL 2

Overall, the Council is performing adequately in this area but needs to improve the outputs, outcomes and VFM achievements delivered as a result of the workforce arrangements to achieve a level 3 assessment. In particular, the Council needs to improve learning needs analysis arrangements and medium term workforce planning as well as delivering results against the 'talent and capability' plan.

Productive and skilled workforce

We are pleased to note that the Council has a People Strategy in place that was developed in consultation with stakeholders and then subject to external review. The People Strategy has been reviewed and updated with a plan to develop into Workforce Development Plan (WDP) in 2009/10. Leadership and management development was also in place, including a first line manager programme. We were provided with a number of examples of recognition for individual staff performance given through team briefings, accelerated increments and secondments to different roles. Officers also informed us of the well being initiatives, which include working with the Healthy Lifestyle Office to promote Body MOT, healthy eating and other activities. Service Plans require identification of future workforce needs, training and action to identify any gaps.

Recommendation 14: Workforce development
The Council needs to ensure that it completes its planned WDP in 2009/10.
Implications for not implementing this recommendation
A risk that the Council will not develop a workforce that is fit for purpose.

Workforce planning

The Council has addressed identified skills or capacity gaps through a number of interventions. However, as stated above, the Council now needs to ensure that it develops its WDP (see recommendation 14 above).

The Council has developed an internal Leadership and Management Development programme. This has been built on a competency framework that outlines the key skill areas that current and potential managers need to develop. An external partner is delivering this programme at three different levels: senior management; middle managers and first/potential managers. Officers informed us that taking this approach ensures consistency on the learning programme and assessment of skills as well as providing a structured approach to talent management. This course is run on a modular basis and 61 employees are currently on the programme. These programmes have been open to all employees and delegates from all services, ethnic groups and disabled employees attend.

Engaging and supporting staff in organisational change

A wide portfolio of employment procedures underpin all the work undertaken within the Council to identify any skills gaps within the Council. This has led to the development of a formal procedure to manage organisational change that was agreed jointly with the Trades Union. The Council has also adopted a Trades Union Facilities Agreement that outlines the resources made available for local recognised trades union representatives.

In addition, employment procedures are used to address any areas of underperformance through either formal capability and conduct procedures or through more informal routes such as additional training and PDRs. Officers provided us with an example of this, which was the review completed

of the Communications function that resulted in the centralisation of the resources into the Organisational Development Unit.

Establishing policies which support diversity and good people management

We found that the Council uses a wide range of recruitment channels, including an e-recruitment website shared with a number of authorities in Derbyshire that has realised a number of cost savings and widen the Council's market audience. Two ticks disability symbol and Investor in People awards appears on all adverts and recruitment materials, to highlight the Council's achievements as an employer. Officers informed us that a robust recruitment process is used and jobs are advertised locally, nationally, at job centre plus centres and in trade journals as appropriate.

Absence statistics are collated and presented on a monthly basis, which enables managers to identify trends and work with HR to address any areas of concern. This has led to a three year continued reduction in sickness absence between 05/06 to 07/08 from 9.38 to 8.45 days per employee.

The Council had not agreed the local pay and grading review with the Unions at the end of March 2009 and, as a result, did not have an agreed timeline for implementation.

In addition, the Council had only achieved level 2 on the LG Equality Standard but had begun to implement the new Equality Framework.

Recommendation 15: Local pay structure

The Council needs to agree the local pay and grading review and implement the local pay structure.

Implications for not implementing this recommendation

Failure to achieve 'getting the basics' for this KLOE which would result in a qualified value for money conclusion and, may result in an overall theme score of level 1 for managing resources. N.B. This KLOE is not being assessed at district councils in 2009/10.

Recommendation 16: Equality framework

The Council needs to fully implement and comply with the new Equality Framework.

Implications for not implementing this recommendation

Failure to demonstrate due process with regard to equality.

A Action plan

No.	Recommendation	Priority	Management response	Implementation details
1	<p>KLOE 1.1 - Financial planning</p> <p>The Council needs to continue to develop arrangements to demonstrate more clearly how it is using the feedback from consultation exercises effectively to influence the financial planning process (e.g. through the introduction of participatory budgeting).</p>	Medium		
2	<p>KLOE 1.2 - Understanding costs</p> <p>The Council needs to demonstrate further reductions in costs and / or improvements in services as a result of the decision-making process.</p>	High		
3	<p>KLOE 1.2 - Understanding costs</p> <p>The Council should pursue its current project exploring the delivery of support services to generate efficiencies.</p>	Medium		

No.	Recommendation	Priority	Management response	Implementation details
4	<p>KLOE 1.3 - Financial reporting</p> <p>The Council should provide more extensive analysis of the year on year movements within its balance sheet and income and expenditure account and, where appropriate, be able to provide evidence to support these movements.</p>	Medium		
5	<p>KLOE 2.1 - Commissioning & procurement</p> <p>The Council needs to develop further its understanding of the supply market and implement demand management services.</p>	Medium		
6	<p>KLOE 2.1 - Commissioning & procurement</p> <p>The Council needs to work with partners to enable it to demonstrate that it can deliver key intended outcomes in line with agreed milestones.</p>	Medium		

No.	Recommendation	Priority	Management response	Implementation details
7	<p>KLOE 2.1 - Commissioning & procurement</p> <p>The Council needs to demonstrate a clear rationale for insourcing / outsourcing decisions for key services, focussing on achieving integrated social, economic and environmental outcomes.</p>	High		
8	<p>KLOE 2.2 - Use of information & data quality</p> <p>The Council needs to ensure that the implementation plan for the delivery of Council-wide training on data quality and managing performance is undertaken.</p>	Medium		
9	<p>KLOE 2.2 - Use of information & data quality</p> <p>The Council needs to provide update training for benefits staff to ensure that classifications and dates are correctly recorded for benefits claims.</p>	Medium		

No.	Recommendation	Priority	Management response	Implementation details
10	<p>KLOE 2.3 - Good governance</p> <p>The Council needs to develop further governance arrangements for all relevant partnerships to ensure that outcomes for local people continue to be delivered.</p>	Medium		
11	<p>KLOE 2.4 - Risk management and internal control</p> <p>The Council needs to fully integrate its risk management processes and procedures to ensure a consistent corporate approach.</p>	High		
12	<p>KLOE 2.4 - Risk management and internal control</p> <p>The Council needs to develop risk registers at LSP level ensuring that these are reviewed at a regular frequency and that appropriate action is taken as a result.</p>	Medium		

No.	Recommendation	Priority	Management response	Implementation details
13	<p>KLOE 3.1 - Managing natural resources</p> <p>The Council needs to ensure that it has sound arrangements in place to demonstrate that it is at least 'getting the basics right' for managing natural resources in 2009/10 (e.g. CO2 emissions, water consumption and air quality).</p>	High		
14	<p>KLOE 3.3 - Workforce management</p> <p>The Council needs to ensure that it completes its planned WDP in 2009/10.</p>	Medium		
15	<p>KLOE 3.3 - Workforce management</p> <p>The Council needs to agree the local pay and grading review and implement the local pay structure.</p>	Medium		
16	<p>KLOE 3.3 - Workforce management</p> <p>The Council needs to fully implement and comply with the new Equality Framework.</p>	Medium		

B CAA and the new Use of Resources framework

The Old UoR Regime

Local authorities' UoR has been assessed by external auditors under the Comprehensive Performance Assessment (CPA) regime since 2005. Until 2008, this took the form of an assessment in each of the following 5 areas;

- Financial Reporting
- Financial Management
- Financial Standing
- Internal Control
- Value for Money

Authorities received an overall UoR score, and a score for each area as set out below;

Score	Key
1	Below minimum requirements - performing inadequately
2	At only minimum requirements - performing adequately
3	Consistently above minimum requirements - performing well
4	Well above minimum requirements - performing strongly

This score directly influenced each organisation's overall CPA score and had a significant impact on external perception and reputation.

The move to Comprehensive Area Assessment

The CPA regime provided an effective roadmap and stimulus for improvement, which helped many authorities to move in the right direction, focusing on externally validated strengths and weaknesses. This was reflected by a national picture of gradually improving scores and assessment results from 2005-8, and improving services to the public.

However, in order to build on the success of CPA, the Audit Commission recognised the need to:

- ask "how well are people served by their local public services?" rather than "how well are people served by their Councils?";
- focus on outcomes for an area, not just on individual organisations;
- consider local priorities rather than apply a "one-size fits all" approach;
- consider whether performance is likely to improve in the future, rather than how it has improved in the past; and
- place less importance on compliance and rules to reflect local differences.

In late 2007 the Audit Commission began to consult on a new framework for Comprehensive Area Assessment (CAA), of which an updated UoR assessment would be a key component. The CAA framework that emerged focuses on *areas* rather than the *organisations* within them, and holds local partners jointly to account for their impact on the things that matter to the area as a whole. The CAA asks three key questions:

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvement?

The CAA does not give an overall score, as was the case for CPA. However, there will be green flags given for innovative or exceptional performance and red flags given to indicate concerns about outcomes and performance.

CAA - key changes

CPA	CAA
Local government focus	All sectors and partners
Institution based	Area based
One size fits all	Focus on local priorities
Performance	Outcomes and perceptions
Collaboration between regulators	Joint assessment
Cyclical inspection	Continuous assessment, proportionate inspection
Focus on past performance	Focus on future improvement

Source:- Audit Commission

Use of Resources under CAA

Alongside the area assessment, CAA will include organisational assessments for key public sector organisations including councils, primary care trusts (PCTs), police forces and fire authorities. Each organisational assessment consists of two components; an assessment of how effectively the organisation is addressing its own priorities, called "managing performance" for councils, and an updated UoR assessment will be applied similarly across the different types of organisation.

The new UoR framework under CAA applies from 2008/09. The diagram below shows the overall approach to the revised UoR framework. There are three themes replacing the five areas included in the old framework, and a number of key lines of enquiry (KLOEs) within each theme.

Use of Resources under CAA (source: the Audit Commission)



The individual KLOEs for each theme are detailed in the main body of this document. Scoring criteria are set out in Appendix C.

C Scoring criteria and rules

The table below summarises the criteria used to reach scored judgements for each KLOE.

Level 2 Performs adequately	Level 3 Performs well	Level 4 Performs excellently
Arrangements consistent with established professional practice and guidance, meet statutory requirements and operate effectively.	Implemented effective arrangements that are: <ul style="list-style-type: none"> ➤ forward looking and proactive in identifying and developing opportunities for improvement; and ➤ include more sophisticated measuring and assessment techniques. 	Demonstrating innovation or best practice .
Arrangements sufficient to address the KLOE.	Outputs and outcomes demonstrate arrangements which are effective and have the intended impact , and show evidence of effective partnership working .	Demonstrating strong outcomes for the community including through partnership working .
Arrangements achieve minimum acceptable levels of performance .	Evidence of performing consistently above minimum acceptable levels and achieving VFM .	Evidence of performing well above minimum acceptable levels and achieving excellent VFM .

Theme scores are derived from a numerical average of the KLOE scores within that theme. In some cases such as theme 2 or theme 3 when only 2 out of 3 KLOEs are assessed, the average of KLOE scores could result in a number ending in .5. In such cases the following rules apply in 2008/09;

- For theme 2, if the average KLOE score ends in 0.5, then the theme score will be rounded up or down to the score for KLOE 2.2. Examples - KLOE scores of 3,2,2,2 = theme score of 2. KLOE scores of 3,2,3,2 = theme score of 2. KLOE scores of 2,3,3,2 = theme score of 3.
- For theme 3, if the average KLOE score ends in 0.5, then the theme score will be rounded up or down to the score for KLOE 3.1. Examples - KLOE scores of 3,2 = theme score of 3. KLOE scores of 2,3 = theme score of 2.

The Audit Commission document at the link below details the overall approach to UoR framework and full details of scoring methodology.

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>

In addition the Commission published auditor guidance for the UoR framework. This is available at the link below. This provides details of the specific KLOE's and expected indicators for levels of performance;

<http://www.audit-commission.gov.uk/localgov/audit/UoR/Pages/guidance.aspx>

D KLOEs specified for assessment in 2008/09 and 2009/10

Some KLOEs are assessed on a rotating basis. The table below summarises the KLOEs that were assessed and formed the basis for the VfM conclusion in 2008/09;

		Single tier or county council	Districts	NHS PCTs
Theme 1 - Managing finances				
1.1	Financial health	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
Theme 2 - Governing the business				
2.1	Commissioning and procurement	Y	Y	WCC
2.2	Use of information and data quality	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Risk management and internal control	Y	Y	Y
Theme 3 - Managing resources				
3.1	Managing natural resources	Y	N	N
3.2	Asset management	Y	N	Y*
3.3	Workforce management	N	Y	Y

*only assessed at PCTs with a significant asset base.

For the 2009/10 assessment, the following KLOEs will be assessed and will form the basis for the VfM conclusion. Scores achieved in 2008/09 will continue to apply for 2009/10 for those KLOEs not being assessed in year 2;

		Single tier or county council	Districts	NHS PCTs
Theme 1 - Managing finances				
1.1	Financial health	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
Theme 2 - Governing the business				
2.1	Commissioning and procurement	Y	Y	WCC
2.2	Use of information and data quality	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Risk management and internal control	Y	Y	Y
Theme 3 - Managing resources				
3.1	Managing natural resources	N	Y	Y
3.2	Asset management	Y	N	N
3.3	Workforce management	Y	N	Y

*only assessed at PCTs with a significant asset base.

Full details of the scoring methodology are provided at the Audit Commission's website at;

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>

E Identifying outcomes, outputs and achievements

The table below gives generalised examples of the types of outcome that have led to higher scores under the new framework for UoR.

Table 3: Illustrative examples of outcomes, outputs and achievements by KLOE

	Outcome	Output	Achievement
Managing finances			
KLOE 1.1	Investment in priorities leads to improved performance	Savings targets met, performance reward grant achieved	Positive external assessment
KLOE 1.2	Improved relationship between costs and performance	Service reviews completed identifying opportunities	Development of effective corporate efficiency programme
KLOE 1.3	Healthy financial position	Improved financial skills	Early close of accounts, clean audit
Governing the business			
KLOE 2.1	Improved service performance at lower cost	Completed commissioning/ procurement exercises	Innovative approach to joint commissioning/external recognition for procurement
KLOE 2.2	Better-informed decisions and robust data to stakeholders	Improved internal performance reporting	Finding and fixing problems with own or partner data
KLOE 2.3	Flexibility and responsiveness whilst maintaining focus	All members trained in ethical behaviour	Achieving a more balanced political process
KLOE 2.4	Risks identified and mitigated, frauds recovered	Development and review of risk registers	Development of effective partnership risk framework
Managing resources			
KLOE 3.1	Reducing emissions and water consumption	Training of environmental champions	Enrolment in carbon reduction programme
KLOE 3.2	Improving condition of assets	Income from disposal of unwanted assets	Better office accommodation
KLOE 3.3	Meeting skills gaps, improving staff satisfaction	Reducing turnover and sickness absence	Investors in people accreditation

NOTE - these examples are for illustration only and do not comprehensively cover each KLOE. Refer to section 2 for KLOE headings.

F Approach to ensuring consistency

The Audit Commission has:

- provided extensive guidance and training;
- introduced an area-based challenge process bringing together auditors within each region to discuss and challenge indicative scores;
- increased the visibility of comparative scores and commentary for auditors; and
- undertaken a detailed final quality assurance process including statistical analysis across suppliers, regions and types of organisation.

Grant Thornton has;

- provided internal training and guidance;
- developed a network of regional leads to oversee the audit process nationally;
- undertaken a number of internal consistency and challenge sessions, comparing our clients to each other and with their regional neighbours; and
- undertaken a detailed review and quality control process of our scores and conclusions.

G Use of Resources presentation



South Derbyshire District Council

Use of Resources 2008/09

7 December 2009

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Use of Resources

- National context
- Key messages for South Derbyshire
- Next steps

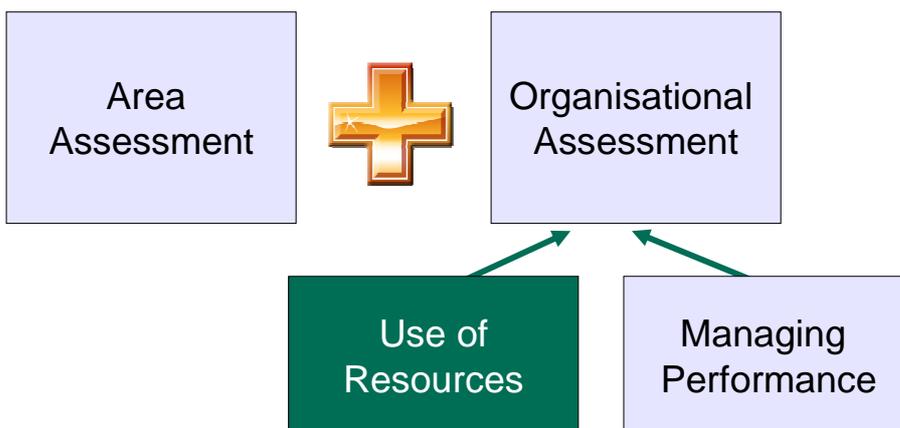
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National context

- Comprehensive Area Assessment
- Use of Resources – key changes
- Emerging national picture

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Comprehensive Area Assessment



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Use of Resources – key changes

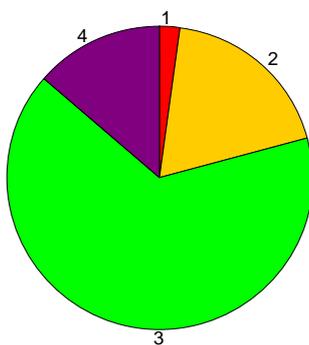
- New areas of assessment
 - workforce management
 - commissioning
 - managing natural resources (2009/10)
- Re-basing of minimum standards
- Overall rounded judgement, not 'tick box'
- Focus on outcomes and VFM, not process
- Emphasis on partnership working

" Harder Test"

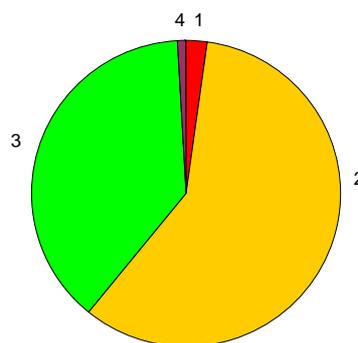
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Emerging national picture - all Local Government

2008



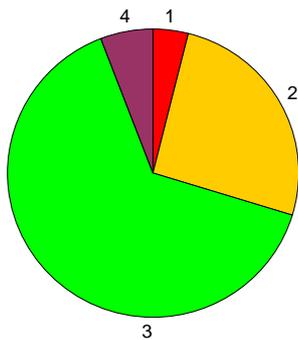
2009



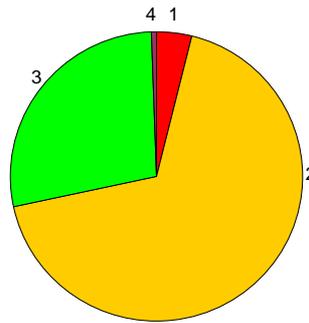
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Emerging national picture - all districts

2008



2009



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Key messages for South Derbyshire

- Outcome of the 2008/09 assessment
- Significant progress
- Key areas for further development
- Achieving the Council's ambition in 2009/10

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Outcome of 2008/09 Assessment

MANAGING FINANCES

1.1	Financial health	3
1.2	Costs and performance	2
1.3	Financial reporting	3
		3

GOVERNING THE BUSINESS

2.1	Commissioning & procurement	2
2.2	Use of information & data quality	3
2.3	Good governance	3
2.4	Risk management and internal control	2
		3

MANAGING RESOURCES

3.1	Managing natural resources	N/A
3.2	Asset management	N/A
3.3	Workforce management	2
		2

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Significant progress

- Development of strategic financial planning and business planning
- Impressive management response to early key messages arising through this year's review process
- Strong arrangements and outcomes in many areas, good direction of travel and a commitment to improve
- Demonstrating the culture of a 'VFM Council'

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Key areas for further development

- Demonstrating further reductions in costs and / or improvements in services as a result of the decision-making process (e.g. benefits derived from service reviews)
- Demonstrating a clear rationale for insourcing / outsourcing decisions for key services, focussing on achieving integrated social, economic and environmental outcomes
- Fully integrating its risk management processes and procedures to ensure a consistent corporate approach
- Demonstrating reductions in the levels of natural resources used in 2009/10 (e.g. CO2 emissions, water consumption and air quality)

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Achieving the Council's ambition in 2009/10- consistent level 3 achievement

		Current Score	Level 3
1.1	Financial health	3	Green
1.2	Costs and performance	2	Green
1.3	Financial reporting	3	Green
2.1	Commissioning & procurement	2	Red
2.2	Use of information & data quality	3	Green
2.3	Good governance	3	Green
2.4	Risk management and internal control	2	Red
3.1	Managing natural resources	N/A	Red
3.2	Asset management	N/A	N/A
3.3	Workforce management	2	N/A

 = Dominant KLOE

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Achieving level 4 behaviours

"Significantly exceeds minimum requirements
- performs excellently"

- Demonstrating innovation or best practice
- Demonstrating strong outcomes for the community including through partnership working
- Evidence of performing well above minimum acceptable level and achieving excellent value for money

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Next steps

- SMT / leadership's support on key areas for further development
- Response to 2008/09 action plan
- Monitoring through Use of Resources sub-group led by Martin Guest
- Ongoing audit involvement led by Ian Barber

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