

Annual Audit Letter

Breckland Council

Audit 2008/09

December 2009



Contents

Key messages	3
Financial statements and annual governance statement	5
Value for money and use of resources	7
Other assessments	9
Financial Standing	10
Audit fees	12
Closing remarks	13
Appendix 1 – Use of Resources	14

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 use of resources.

Financial statements

- 1 The Council is required to produce its financial statements by 30 June annually. You met this deadline, enabling me to issue my opinion on time. My opinion was 'unqualified' meaning that I agreed that they presented fairly the financial position of the Council.
 - 2 My audit did find some errors in the approved financial statements. The Council agreed to correct the financial statements for the significant errors but not to amend for a number of other less significant errors. The remaining errors would not have been significant enough for me to change my opinion on the financial statements.
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Use of resources

- 3 I assessed the Council's arrangements for getting value for money from its resources 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.
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Other assessments

- 4 This year, for the first time, we carried out two further assessments of how the Council performs. These assessments are part of the new Comprehensive Area Assessment framework.
 - 5 The first assessment related to how well the Council manages and improves services and contributes to wider community outcomes. We assessed the Council's performance as adequate.
 - 6 The second assessment combined our Use of Resources and Managing Performance assessments to give an overall Organisational Assessment for the Council. Our overall judgement is that the Council 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. The latest financial strategy considers the impact of the economic downturn and addresses the funding shortfalls and increased demand for services identified.
- 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. 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 that I planned. I charged extra fees of £5,500 to reflect the additional audit work that we were required to carry out on the Council's financial statements. I give further details in the audit fees section of this letter.

Independence

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

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Financial statements

13 The Council is required to produce its financial statements by 30 June annually and I am responsible for issuing an audit opinion on these by 30 September 2009. I was able to issue an 'unqualified' opinion on the financial statements, which means they presented fairly the financial position of the Council as at 31 March 2009 and its income and expenditure for the year then ended.

Accounting issues

- 14** In general, working papers supporting the financial statements were to an adequate standard, and responses to audit queries and requests for additional information were helpfully dealt with by finance staff. However, there is scope for improvement next year and I have issued an opinion audit report to officers to assist them in the preparation of the financial statements for 2009/10.
- 15** The audit identified one material error in the financial statements in relation to the accounting treatment of the impairment of investments with Icelandic Banks. A number of other amendments were also made to ensure disclosures met the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2008.
- 16** I did not identify any significant weaknesses in your internal control arrangements and the Council's annual governance statement was in accordance with requirements. The financial systems underpinning the financial statements continue to operate with generally sound controls in place. The Council's internal audit team complied with the requirements of the CIPFA Code.
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International Financial Reporting Standards

17 Local government will introduce International Financial Reporting Standards (IFRS) in the 2010/11 financial statements. 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.

- 18 The Council has developed a project plan with clear roles and responsibilities to prepare for the changes. We are continuing to discuss with officers the Council's planned approach to accounting treatments in the affected areas.

Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and gave a scored use of resources judgement.

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

- 19 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.
- 20 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.
- 21 Table 1 below shows the Council's use of resources theme scores. The appendices to this letter summarise the key findings and conclusions for the three themes for the Council.

Table 1 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	2
Managing resources	2

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- 22 Given 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

- 23** 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.
- 24** 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

- 25 We also assess how well the Council manages and improves its services and contributes to wider community outcomes. The assessment considers how successful the Council is in delivering its corporate priorities. The priorities have been drawn from what matters most to the local people.
- 26 The Council scores 2 out of 4 for managing its performance (same scoring mechanism as for use of resources above). The district is kept clean and high levels of recycling are achieved at low costs compared to other councils. The Council is giving effective support to individuals and businesses affected by the recession. It is working with the police to further reduce the low levels of crime and to tackle anti-social behaviour. It is also working with health services to help the most vulnerable people to improve their health.
- 27 The Council provides a fast and efficient benefits service to those in need and helps ensure people have somewhere to live. It is quick to seize opportunities to build affordable homes, although the total number of homes being built needs to increase to come closer to meeting the high levels of local need.

Organisational assessment

- 28 We combine the use of resources and managing performance assessments to give an overall organisational assessment judgement for the Council. The Audit Commission has determined the organisational assessment judgment for the Council to be that it performs adequately.
- 29 The Audit Commission's Comprehensive Area Assessment Lead for Norfolk, Susan Jewkes, will report separately on the Council'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 very 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.
- 31** There are further challenges for policy priorities where patterns of demand for services are changing. I have reflected on the wider environment, specific issues and risks and the Council's response.
- 32** 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

- 33** The Council manages its finances effectively as shown by its use of resources scores. It maintains sound financial health and delivers value for money. An effective efficiency programme supports The Council's financial position. The Council achieved savings of £756,000 in 2008/09 without adversely affecting service standards.
- 34** The table below shows the current position of the Council's major balances.

Table 2 Summary of major balances as at 31 March 2009

	As at 31 March 2009 £ million	As at 31 March 2008 £ million
General Fund Balance	5.2	4.8
Earmarked reserves	7.3	8.0
Totals	12.5	12.8

- 35** The Council sets a minimum level of general fund balances in order to cover potential financial risks that may arise during the year. For 2009/10 and future years this level has been set at £2.0 million.

Financial Standing

- 36** The financial position of the Council is becoming increasingly challenging, in particular, for future financial periods (2009/10 onwards):
- the use of reserves has increased from £0.3 million to £1.9 million (of which £1.7 million was for two match funding projects); and
 - medium term financial planning has identified significant funding gaps of £0.4 million in 2010/11, falling to £0.3 million in 2011/12.
- 37** The Council is responding to this challenge; the medium term financial strategy actively considers the impact of the economic downturn and addresses the funding shortfalls identified. The implications of this are understood and the challenges faced are being acknowledged by the Council as a whole.

Icelandic banks

- 38** The Council had £12 million invested in three Icelandic banks when they collapsed in October 2008. The 2008/09 financial statements showed that the Council expected to recover £8.8 million based on information available at the time it published its accounts in September 2009. The Council recognised a loss of £4.1 million in the Income and Expenditure Account.
- 39** The Council had 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 £3.1 million to the Financial Instruments Adjustment Account. The balance of £1 million relates to the loss of interest which the General Fund has borne in full.
- 40** However, the Council has received repayments of £0.8 million from one of the banks and expects to recover £10.8 million (assuming default interest is included) in total. This would limit the loss to £1.2 million on the original investments based on local authorities being granted preferential creditor status.
- 41** I am satisfied that the Council made its Icelandic deposits following its approved policy and that there is clear evidence of review and learning from the events of October 2008. This includes amendments to the Treasury Management Strategy and Policy in order to ensure a prudent, cautious and security-biased approach is followed during this period where money markets are unsettled.

Audit fees

- 42 The audit fee is higher than planned, as outlined in the table below.
- 43 During 2008/09 I increased the Council's audit fees by £5,500 to reflect the additional work we had to carry out on fixed assets, financial instruments and long term investments within the financial statements.

Table 3 Audit fees

	Actual	Planned	Variance
Financial statements and annual governance statement	£69,120	£63,620	£5,500
Use of resources	£29,518	£29,518	£0
Whole of government accounts	£2,475	£2,475	£0
Total audit fees	£101,113	£95,613	£5,500

Closing remarks

- 44 I have discussed and agreed this letter with the Chief Executive and the Director (Governance & Finance). I will present this letter at the Audit Committee on 15 January 2010 and we will provide a copy to all Members.
- 45 The table below shows 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 4 Reports issued

Report	Date issued
Audit and inspection plan	April 2008
Supplementary audit plan	December 2008
Annual Governance Report	September 2009
Opinion on financial statements	September 2009
Value for money conclusion	September 2009
Annual Audit Letter	December 2009
Managing Performance and Organisational Assessment	December 2009

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- 46 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

- 47 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

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>The Council has developed a five year budget, driven by the annually updated Medium Term Financial Strategy (MTFS) and Business Plan. There are clear links to other key corporate plans. The business plan is supported by the Annual Delivery Plan and departmental Service Team Plans. There is evidence of redirecting resources in line with corporate policy, Local Area Agreement priorities and stakeholder views, using realistic assumptions for expenditure and income, modelling reserves to show their impact on the MTFS, and consistently set realistic and balanced budgets.</p> <p>The Council has a record of challenging the way it delivers services to improve efficiencies, a recent example being the transfer of the Council's Planning and Building control service which used sensitivity analysis and stress testing of budgets throughout the evaluation process. There is a separate efficiency strategy which is regularly monitored and reported.</p> <p>Treasury Management arrangements have been reviewed since the collapse of the Icelandic Banks in October 2008.</p> <p>Evidence to support engagement with stakeholders for service and financial priorities include a touch screen survey, citizen panel results, Business Ratepayers consultation, Thetford neighbourhood forum, the Youth Council and Member scrutiny. Evidence of impact includes changes to budget, increased partnership working to achieve efficiencies, and the Council's Match Funding scheme to help empower local communities to resource their own local priorities.</p>	

Theme score 3

The Council has a Comprehensive Equalities Policy 2008-2010. The Council ran a pilot with the Dereham and District Disability Access Group where they carried out parts of the Equality Impact Assessments on services to give real insight from a user's perspective.

There is a consistent record of managing within budget without any evidence of service decline, and performance data is reported alongside financial performance in the Performance Management System. Monthly budget reports produced and variances discussed with RBOs, variances and pressures identified and action points noted. A summary report is produced for Corporate Management Team detailing main variances and pressures, and risk areas and quarterly reports to Council and Cabinet.

The Council has an up to date Constitution which incorporates financial regulations, standing orders and overall governance framework. A budget manager's handbook is supported by financial training provided to all RBOs. The Council was awarded the Member Development Charter in 2008/09 in recognition of the work undertaken to provide Members with the support, skills and training they need to develop and to effectively manage the council's budgets and services.

KLOE 1.2 (understanding costs and achieving efficiencies)**Score****3****VFM criterion met****Yes**

Clear reports to senior managers and Members cover performance as well as costs. Performance is compared against the previous year and that of other councils. Generally above average levels of performance are being secured from overall average service costs. Managers receive training and helpful and timely financial information to manage budgets and to ensure that performance is maintained at the required level.

Costs are analysed as part of the budget process and in setting charges. Expenditure on cost centres is compared to the budget outturn for the past year, with additional information such as cost per head of population or explanation of significant increases or decreases. Transactional cost information is used, such as for waste collection. This enabled benchmarking and the Council has recently joined SPARSE. Senior managers and Members have the information they need to understand the factors affecting costs and can make informed decisions.

A good understanding of transactional and unit costs is established in business process re-engineering reviews. Cashable and non-cashable savings are identified and services redesigned to secure greater cost-efficiency. For example the council tax service is securing improved customer and staff satisfaction, increased speed of service and estimated cash savings of £110,000 over the next four years.

There is clarity on financial commitments to partnership projects and the wider resources available to partners. It is business-like in securing the required quality of service from its contracts, with performance linked to payment and to penalty clauses if service falls below the agreed standard, for example through temporary closure of leisure facilities.

<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 adopted national best procurement practice and is effective in securing competitive and comprehensive contracts. Whole life costing, and a full risk assessment are undertaken when major purchases, for example the replacement CCTV contract, are being considered. There is a cost-effective approach to meeting changing demands on services. Additional government funding for HB services is being used to employ agency staff. Fully trained staff are available to deal with the higher level of claims without redundancy obligations when the external funding ends. Decisions are aligned to corporate priorities, for example fee increases for additional services such as garden waste collection, but not for building control and land searches to prevent further loss of demand during the downturn.</p> <p>The Council's approach ensures good delivery against its efficiency targets. Any risk of non-achievement is evaluated and reported to senior officers and Members at quarterly reviews. Alternative ways of delivering services are used to secure better value, for example the Anglia Revenues and Benefits Partnership with Forest Heath DC and outsourcing pest control. Efficiency savings in 2008/09 were better than target. A range of projects exist to help achieve efficiency savings in 2009/10.</p> <p>Resources are effectively deployed. A restructure has reduced or discontinued services in lower priority areas and created a 'stronger communities' team to help strengthen community cohesion, while also bringing efficiency savings estimated at £53,400 over the next three years. Strategic analysis of procurement has produced cost savings for example through the framework contract for provision of mobile phones. Rationalisation of mobile phones and other devices led to a saving of £1,300 per month, and costs continue to decrease. Staff are encouraged to contribute ideas and this has resulted in savings.</p>	
<p>KLOE 1.3 (financial reporting)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>The financial monitoring information is pulled directly from the Integra system which holds profiled budgets and historical spend. Monthly accrued budget monitoring reports are prepared, showing forecasts to the end of year, comments on the reason for any variance and the action being taken to remove the variance, cost pressures. Financial reviews of significant partnerships are undertaken during the relevant partnership meetings. Internal Audit review budgetary control and associated systems are reviewed, providing assurance that the budget monitoring and forecasting information is reliable, relevant and understandable.</p> <p>Reporting cycles, accounts closure and the budget process are subject to review and improvement. Breckland's final accounts have been completed by the prescribed deadline dates. Timetables are produced in advance of the process and monitored and updated throughout the process in order to ensure that deadlines will be met.</p> <p>Quarterly Governance report details how well the council is using its resources to deliver value for money as well as better and sustainable outcomes for local people. The report is presented to the Executive Board and Cabinet.</p>	

KLOE 1.3 (financial reporting)

Score

2

VFM criterion met

Yes

All committee reports with financial implications have a Proforma B attached which details the financial implications of the decision. Proforma B's are produced by finance in consultation with the report author; in order to ensure the decision (and therefore financial implications) is understood.

The Integra financial system allows for flexible reporting, from simple financial monitoring and forecasting reports available for budget managers to crystal reports such as aged debt reports, budget monitoring reports, aged creditor reports, remittance advices, etc. All reports provide real-time information when they are run, so are therefore completely up to date. Training is provided to all Service Managers on how to run these reports.

The Council has produced a detailed Final Accounts timetable and officers have been proactive in identifying Statement of Recommended Practice (SoRP) changes, reviewing their accounting policies and attending CIPFA and Audit Commission training workshops. However, the 2008/09 accounts included two material misstatements that were adjusted and a number of other amendments were made to ensure compliance with the SoRP.

The Council has identified key issues relating to the introduction of International Financial Reporting Standards (IFRS) and has undertaken a risk assessment; this continues to be monitored via the Council's risk management process. Training has been provided to raise awareness of the new standards and presentations have been given to the Audit Committee.

The latest Annual Audit and Inspection Letter and published accounts are available on the website. Public documentation is made available in large print, audio format and clearly displays the INTRAN logo. Information is published in other languages as appropriate, for example the 2008/09 budget priority survey was available in Portuguese and Polish. The council also employs a Community Liaison Officer who works with Migrant Worker Communities to assist them as needed.

The Council communicates financial and performance issues to residents through its Voice magazine (delivered to every resident) and via a yearly Council Tax booklet. The booklet details residents' priorities as per budget setting consultation and provides them with a progress update of what has been delivered to meet their requirements. Residents are consulted regarding their feedback on the information they receive in the Voice magazine, and members of the citizen's panel were also consulted during 2008/09 to ensure communication channels were meeting needs.

Governing the business

<p>Theme score 2</p>	
<p>KLOE 2.1 (commissioning and procurement)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Council priorities reflect local, regional and national issues and are based on consultation with local people that informed the sustainable community strategy and the Local Development Framework (LDF). Priorities are supported by clearly stated actions with measurable targets. Understanding of local needs is refreshed through the Norfolk citizens' panel consultation and influences service development, for example longer opening hours at Attleborough Customer Service Centre. Projects, such as Thetford 'healthy towns', clearly state the desired outcomes for local people. Emerging priorities can be accommodated, for example a Youth Council to enable young people to help shape services.</p> <p>The Council monitors local needs and involves local people in service design and delivery. Community forums are being established in all five market towns, with regular attendance by 370 residents to the first, in Thetford. Consultation outcomes include identification of two potential sites for the skate park. Minority groups are being engaged, for example to identify the housing and support needs of people with disabilities and service plans seek to meet the needs of minority groups. Satisfaction data helps inform decisions about future commissioning and ensure that services are user-focussed.</p> <p>Services are redesigned to better meet customers' needs, with action taken to increase accessibility for example by ensuring migrant workers understand the refuse services offered. ICT supports council priorities and helps improve efficiency, for example touch screens for public consultation and chip and pin payment services. Monitoring and analysis of complaints lead to remedial action, such as improved procedures in invoicing. Redesign of the council tax service resulted in queries being answered at first point of contact increasing from 29 % to 94 %.</p> <p>The Council understands the supply market and works with the voluntary and business sectors. Customer-focused services and value for money are achieved through penalty clauses in contracts and customer satisfaction standards. Briefings and accessible and website guidance help local businesses compete for public sector contracts. The updated procurement strategy seeks sustainable procurement. Support in building the capacity of potential providers has produced positive outcomes, for example outsourcing the dog warden service. The CAB and Wayland Partnership are supported in delivering against Council priorities.</p> <p>Various service procurement options are considered and adopted. Partnerships and collaboration with other councils effectively reduced costs. Tenders have been let collaboratively, for example temporary staff contracts, banking and insurance contracts. Annual analysis identifies 'off contract' spend leading to rationalisation. It has recently started using the government P-Card to increase efficiency and savings. There are Service Level Agreements with voluntary sector partners and service contracts are closely monitored and action taken promptly to remedy under-performance.</p>	

KLOE 2.1 (commissioning and procurement)

Score

3

VFM criterion met

Yes

Value for money has been secured through procurement. A programme of reviews identifies improvements for customers and service efficiencies that are investigated. Development control services and the leisure Private Finance Initiative are securing significant improvements. Option appraisals are reported to senior management and to committee. All available procurement, legal, financial, ICT and HR expertise is used. Local partners and potential suppliers were involved in the commissioning of the new CCTV service. Overview and scrutiny examines the proposals for major contracts. Cabinet take the final decisions to ensure all relevant aspects of contracts are explored and that the best option is secured.

KLOE 2.2 (data quality and use of information)

Score

2

VFM criterion met

Yes

There is clear commitment to data quality with designated senior officer and councillor leads. Accountability is evident, with data quality targets set in team plans and staff appraised against them. Data quality risks are identified, for instance in relation to the Anglia Revenue Partnership. Performance champions check accuracy and the performance team identifies specific indicators areas for data quality audit. Data quality issues are picked up in quarterly performance clinics as part of the investigation of under performance or variations in performance, for example the reported response time to written queries about council tax and benefits. Formal contracts with external suppliers cover data sharing and data provided is audited in proportion to risk, but clear processes are not in place to check the quality of data from non-contractual partners.

Helpful information supports decision making, for example the detailing of longer term costs and benefits in the proposals presented to Members following a comprehensive staffing structure review. The quality and thoroughness of the research and information helped Members to decide which options offered the best outcomes for the Council and the people it serves.

Financial and performance information is presented in the format that best suits the recipients. Monthly financial reports have been designed in partnership with CMT to ensure that they meet the needs of senior managers. Clear and informative budget setting reports are presented to Members. The split between statutory and discretionary services is shown in the proposed service budgets for 2009/10, in response to a request by the Audit Committee. Budgets are also shown by Council priorities, with changes reflecting new policies and changes in statutory responsibilities, such as collection of stray dogs. Helpful management information on individual cost centres includes the budget outturn for the past year and estimates for the current and next year, supported with explanatory notes. For some there is additional information, such as the average number of days of sickness absence, customer satisfaction and performance against indicators. Monthly governance reports provide a strategic overview and have evolved to provide more detail and analysis. Senior managers and Members are able to identify areas that need reviewing and make informed decisions about any service changes.

<p>KLOE 2.2 (data quality and use of information)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>The Council and its ICT contractor have appropriate measures in place to ensure data security and compliance with statutory requirements. These include an ICT security policy and training for staff and Members on data protection and freedom of information requirements.</p> <p>There is a robust performance monitoring and management framework for projects and for service performance. Quarterly performance clinics keep under performance, such as sickness absence, under close review. Overview and scrutiny receives reports from portfolio holders and officers and recommends actions to improve services, such as maximising learning by capturing all customer complaints including those received by email. The annual delivery plan identifies actions to deliver the business plan priorities and contains a range of specific targets, although some actions lack clear measurability, for example of the anticipated reduction in anti-social behaviour through the provision of diversionary activities.</p> <p>There is effective performance monitoring of contracted services, with regular monthly reports and close liaison, and of progress with projects, but not all the Council's partnerships have effective monitoring in place. Performance is reported within the local strategic partnership, and reports, for example for the Wayland Partnership, are presented to the Council overview and scrutiny, but there is a lack of clear agreed targets for all partnerships against which performance can be measured.</p>	

KLOE 2.3 (good governance)

Score

2

VFM criterion met

Yes

A clear, accessible and recently reviewed Constitution on the website covers issues such as Members' allowances. A log of Members' interests is available to the public, and allowances claimed by individual Members are published annually in the press. Induction training is provided for new Members and staff to ensure they are aware of governance issues and practice.

The Council's clear vision of what it is seeking to achieve for Breckland people is stated in its business plan, which is available via the internet. The respective roles of Members and officers are clearly defined. There are constructive working arrangements and good regard between Members, managers and staff, although some Members get too involved in day-to-day work. Regular meetings with senior managers ensure that portfolio holders are well briefed on performance in their areas of responsibility. Ongoing training is provided to staff and to Members to ensure that they understand what the Council is seeking to achieve and their role in achieving these aims. In November 2008 the Council was awarded the Member Development Charter. These arrangements are helping staff and Members to maintain focus on delivering the Council's key aims.

Appropriate arrangements are in place to ensure that the ethical framework is upheld. Members and officers sign up to the relevant codes of conduct. Members of the public can use the accessible and straightforward complaints procedure if they feel that district, town or parish councillors have breached the Members' Code of Conduct. A clear whistle-blowing procedure protects anyone raising reasonable concerns. The Standards Committee monitors and advises on issues such as potential conflict of interests if Members own land affected by the emerging LDF. Minutes from the Standards Committee are discussed at the meetings of the full Council and quarterly reports are sent to the Standard Board for England. There are disciplinary procedures to deal with breaches of the staff code of conduct. Registers of interests, gifts and hospitality are monitored by the Standards Officer. The required standards are reflected in Council policies. Standing orders and financial regulations, monitored by the Monitoring Officer and the Section 151 Officer, were updated in 2008. Service managers sign a declaration stating that all procurements are compliant with statutory requirements and the Council's procedures; that risks have been identified, assessed and managed in accordance with the risk management strategy and that budgets have been managed in accordance with financial regulations and the MTFs.

Public involvement is actively promoted through clear communication, such as through the Breckland Voice newsletter, information about Council meetings on the website and the development of community forums. Parish and town councils are kept well informed and consulted, for example about planning applications. The rollout of community forums and engagement with minority groups help ensure that Council strategies address community needs.

The Council has paid appropriate attention to partnership governance, with recent guidelines for good governance in partnership working followed during the tendering process for the new CCTV contract. Resources invested in partnerships are recorded in a corporate partnership list on the website. Regular meeting with the main contractors enables close monitoring to ensure that these partnerships deliver the agreed outcomes. The Council commissioned a recent review of its partnership arrangements and the resulting action plans are being implemented and monitored.

<p>KLOE 2.4 (risk management and internal control)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>The Council has an up to date risk strategy where all risks are aligned to Corporate Objectives. There is an on line risk register which shows all corporate and operational risks, risk owner, mitigating controls and mitigating plans with quarterly monitoring results. Quarterly performance clinics require service managers to provide service delivery information to the Leader, Chief Executive and Deputy Chief Executive. Services are selected by exception (risk mitigation plans and audit recommendations not implemented by the agreed deadline, actions for any risks above the appetite and any potential risk areas which cause concern).</p> <p>A workshop on risk management was provided to all Members. Additionally, all Audit Committee Members attended risk management training delivered by the internal auditors.</p> <p>Significant partnerships have been identified and risks relating to these partnerships monitored. For major funding partnerships operational and strategic boards meet monthly. The Council has developed a Good Governance in Partnerships document which sets out partnership definitions, how to assess need for partnerships, partnership arrangements and how to document them, responsibilities, financial and performance monitoring procedures, and risk management procedures. The Council needs to ensure that it understands and manages the risks for all significant investments and major purchases, and that its risk management arrangements remain appropriate to deal adequately with the appetite to take risk.</p> <p>The Council has a ‘Strategy to Help Fight Fraud and Corruption’, the document has been made available to all staff and can be found on the Intranet site. The strategy is described within the ‘First Impressions’ Induction Pack, which is provided for all new members of staff. To support this strategy the Council has a framework of written procedures and controls that set out best practice and aim to reduce the risk of fraud and corruption. This framework includes:- The Council Constitution, Financial Regulations and Finance Procedure Rules, Contracts Standing Orders, Procurement Strategy and e-Procurement Strategy, Officers’ Code of Conduct, Members’ Code of Conduct, Whistle blowing Policy, Counter Fraud Strategy and Policy for Housing Benefits, Register of Interests, Register of Gifts and Hospitality. Fraud is identified as an operational risk in the risk register with mitigating controls monitored through the Performance Management System.</p> <p>For revenue services: details of outcomes of revenues investigations and sanctioned action, including prosecutions are reported to Management Committee, joint working with investigators employed by the DWP and the Police. All Benefits Investigators are accredited Counter Fraud Officers with the University of Portsmouth and hold accreditation certificates, Preventative initiatives in connection with Housing & Council tax Benefit fraud include a rolling schedule of visits to claimants in their homes to verify claims and a continuous programme of data-matching with the DWP. All impending Prosecutions of cases of alleged Housing & Council Tax Benefit fraud are passed to the press via the communications team at Breckland Council.</p> <p>The Audit Committee has a balanced membership. The committee monitors Internal Audit's progress against plan and authority implementation of recommendations, and receive External Audit reports. There is evidence of effective review and challenge of the authority's risk management processes, business continuity plans and financial reporting.</p>	

Managing resources

Theme score 2	
KLOE 3.3 (workforce planning) Score VFM criterion met	2 Yes
<p>Many of the actions that the Council is taking are recent and there is lack of clarity about the current match between skills and workforce needs. Senior officer's skills development needs have been identified and training provided, but staff generally do not believe that training needs are systematically identified and addressed. Workforce auditing focuses on qualifications, but there has been no robust identification of the skills required and assessment of the extent to which those skills are present. Actions to achieve the Council's five key aims are identified in annual delivery plans and translated into service planning and in appraisal objectives for individual members of staff in the new personal development plans.</p> <p>Expectations of staff are clear, but the quality of individual appraisal interviews is variable. Staff are not clear on all cross-cutting issues, such as procedures for reporting concerns or disclosures regarding children or vulnerable adults. A training and development team has been established to support staff in ensuring that they know what performance is expected and they have access to training to enable them to deliver their responsibilities.</p> <p>Recruitment quantity and quality have been maintained and there have been no significant retention problems, despite the uncertainties caused by LGR. Staff achievements are celebrated in a recognition scheme. Restructures have created new posts and deleted others to ensure that changing demands can be met. A flexible approach is taken to staff deployment, for example secondments, development control staff being used for land charges work, sensitive re-integration after sick leave and reduced hours working. There is no medium term staffing plan, although service plans encourage managers to identify the staff resources required.</p> <p>A new database has been established to enable monitoring of skills, training, and knowledge, for example to identify skills gaps and for succession planning. Performance related pay and personal development plans, and a competency database are new and it is not clear what outcomes are being achieved.</p> <p>A review of staffing identified issues to be addressed and posts which could be deleted or created to meet these needs. The proposals were costed over three years and indicated overall savings of £53.400. Potential risks to securing these savings were identified for instance due to protected salaries if 'at risk' staff were appointed to lower graded positions. This detailing of longer term costs and benefits supports better decision making and enabled Members to endorse the recommended changes. Staff are kept well informed on key developments via monthly briefings. They are encouraged to ask questions and volunteer ideas for service improvements and efficiency savings. These suggestions are costed, advantages and disadvantages identified and some, such as enabling employees to take more leave rather than salary increases, are approved.</p>	

KLOE 3.3 (workforce planning)	2
Score	Yes
VFM criterion met	
<p>The latest annual staff views and attitudes survey revealed generally positive views, although only just over a third of the respondents felt that they are valued by the Council. There are a number policies and approaches in place to support diversity, but in the absence of clear targets and analysis it is not clear how effectively these are translated into outcomes. An equal opportunities approach is built into policies, such as for recruitment and selection with anonymous short listing and encouraging older applicants. Equal opportunities monitoring is in place but there is no systematic approach to ensuring that minority groups have good access to job opportunities and that the workforce is representative of its community.</p>	

The Audit Commission

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