

Annual Audit Letter

North West Leicestershire District Council

Audit 2008/09

December 2009



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Status of our reports

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

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

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources. It also includes a summary of the Audit Commission's organisational assessment of the Council.

Audit Opinion and Financial Statements

- 1 I issued an audit report including an unqualified opinion on the financial statements.
- 2 The draft financial statements were changed to correct a few errors (these errors had no impact on the general fund balance which remained unchanged). Officers have agreed to address the issues identified by our audit. This should improve the quality of next year's financial statements.

Value for money

- 3 I have also given an unqualified value for money conclusion as you have adequate arrangements in place to manage and use your resources to deliver value for money. The next step is for you to demonstrate that these processes are actually helping you improve outcomes in priority services for the community.

Organisational assessment

- 4 Overall, the Council performs adequately. You are making satisfactory progress delivering your priority services. You are working well with partner organisations (other councils, the police, NHS Leicestershire and Rutland local Primary Care Trust), to make sure improvements are likely to continue. You are tackling some of the issues local people have said are important. These are crime levels, health services, shopping facilities, public transport, clean streets and affordable housing. The area that most needs to be improved is antisocial behaviour. You are having more success in some areas, for example, reducing overall crime rates, than others, such as providing affordable housing.

Financial Position

- 5 During the year you kept spending within budget, but in the current year officers have indicated this may not be the case and additional savings and efficiencies may be necessary to meet your current plans. You have a budget strategy to achieve this but due to the economic situation this will remain a challenge. You must continue to monitor your financial position closely and take any necessary decisions promptly.

Audit fees

- 6 I have been able to deliver the audit within the fee agreed at the start of the year as summarised below.

Table 1 Audit fees

	£
Financial statements and annual governance statement	74,500
Value for money	34,100
Total audit fees	108,600

Actions

- 7 Recommendations shown within the body of this report have been agreed with officers.

Independence

- 8 I can confirm that the audit has been carried out in accordance 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.

Significant issues arising from the audit

- 9 I issued an audit report including an unqualified opinion on the 2008/09 financial statements.
 - 10 The draft financial statements contained eight non-material errors (these errors, when changed, had no impact on the general fund balance). Officers have agreed to address the issues identified by our audit. This should improve the quality of next year's financial statements.
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Material weaknesses in internal control

- 11 I did not identify any significant weaknesses in your internal control arrangements.
 - 12 I have not provided a comprehensive statement of all weaknesses which may exist in internal control, or all the improvements which may be made. I report only those matters which have come to my attention because of the audit procedures that we have performed.
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Accounting Practice and financial reporting

- 13 I considered the qualitative aspects of your financial reporting.
 - 14 I reported three issues to the Corporate Governance Scrutiny Committee in my Annual Governance Report. Officers have agreed to take action in respect of the following for 2009/10.
 - Closer attention to the disclosure requirements as set out in available checklists would have avoided the need for some of the amendment to the accounts.
 - Officers will check estimates provided by the actuary to ensure they are in line with actual amounts included in the Leicestershire County Council Pension Scheme accounts.
 - Officers will provide a reconciliation between the explanatory foreword and the income and expenditure account to assist readers to better understand the financial statements as a whole.
 - 15 I have also reported other matters arising from our audit to officers, so that they can take appropriate action before next year's audit.
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International Financial Reporting Standards (IFRS)

- 16 International Financial Reporting Standards (IFRS) will apply to local government for the 2010/11 published accounts. These will include comparative figures for 2009/10. This means that the Council needs to be in a position to provide the necessary financial and operational information from 1 April 2009.
- 17 I have reviewed the Council's plans for transition to IFRS, which include briefings for members on the process. At this stage I am satisfied that officers have adequate arrangements in place to comply with the new requirements in a timely manner, but there is still significant preparatory work to be completed to introduce IFRS successfully.

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 better and sustainable outcomes for local people, 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

- 18 In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for 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.
- 19 I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 20 The Council's use of resources theme scores are shown in Table 2. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Table 2 Use of resources theme scores

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

- 21 The Council scores 2 out of 4 for use of resources. Your arrangements across all areas are sound. You meet minimum acceptable levels of performance and operate well. You perform more strongly in some areas, for example financial planning and the way you buy services and supplies to provide good services and value for money for local people.

- 22 You have shown that you understand and manage your costs. You also usually use its money well to meet local need and get more for your money each year. You have a number of projects in place that should make sure this continues. Information about performance is used to plan services and budgets and make improvements. To measure if costs are reasonable or high they are compared to other councils. You were successful in saving all the money the government expected in 2008/09. North West Leicestershire is generally a low cost Council.
- 23 Although the overall theme scores under the revised use of resources framework are lower than the scores achieved last year, this does not necessarily reflect any deterioration in overall performance as the basis of the assessment has been revised.
- 24 In common with many authorities, the challenge in order to achieve higher scores is to demonstrate how your arrangements result in improved outcomes consistent with the Council's aims and those of your key partners.

Recommendation

- R1** Demonstrate how your use of resources arrangements result in improved outcomes consistent with the Council's aims and those of your key partners.

VFM conclusion

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

Financial position

- 27 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. There are further challenges for policy priorities where patterns of demand for services are changing.
- 28 This has an impact on the audit and as part of my responsibility, I have reflected on the wider environment, specific issues and risks and the Council's response.
- 29 Officers have already reported to you that the 2009/10 general fund budget may not remain within the overall spending targets set for the current year.

Value for money and use of resources

- 30** To ensure that the Council can continue to improve key priority areas, the corporate leadership team (CLT) has developed a budget strategy which will:
- determine service priorities and contribute to savings of £750,000 in 2010/11 which are required to achieve a balanced budget (ie avoiding having to use reserves); and
 - incorporate a service transformation programme up to 2013/2014 which will enable services to meet statutory obligations, priority outcomes and customer needs, whilst also delivering long term efficiencies.
- 31** The capital programme will include around £1.6 million a year to improve council homes, but this is not enough to achieve the government's basic decent homes standard.

Recommendations

R2 The Council needs to monitor closely its financial position and to take appropriate action to enable it to remain within its budget.

R3 Monitor progress towards achieving the decent homes standard; assess the implications if the standard is not met.

Organisational assessment

The Comprehensive Area Assessment Lead has used my use of resources assessment along with an assessment of how well you manage your performance to come to an overall assessment for the Council. This is known as the organisational assessment.

- 32** Comprehensive Area Assessment (CAA) is a new way of assessing local public services in England. It examines how well councils are working together with other public bodies to meet the needs of the people they serve. It is a joint assessment made by a group of six independent watchdogs and will provide an annual snapshot of quality of life in the area. There is also an organisational assessment for each council within the CAA. For district councils this is undertaken by the Audit Commission.
- 33** The organisational assessment brings together the use of resources judgement with the Council's managing performance assessment.

Table 3 **Organisational assessment**

Managing performance	2 out of 4
Use of resources	2 out of 4

- 34** Overall, the Council performs adequately. You are making satisfactory progress delivering your priority services. You are working well with partner organisations (other councils, the police, NHS Leicestershire and Rutland local Primary Care Trust), to make sure improvements are likely to continue. You are tackling some of the issues local people have said are important. These are crime levels, health services, shopping facilities, public transport, clean streets and affordable housing. The area that most needs to be improved is antisocial behaviour. You are having more success in some areas, for example, reducing overall crime rates, than others, such as providing affordable housing.
- 35** North West Leicestershire District Council scores 2 out of 4 for managing performance. You are listening to children and young people. But despite providing them with places to go and things to do, including free swimming, too few children are physically active. You are also providing opportunities for work experience and jobs.

Organisational assessment

- 36 There is a mixed picture on crime. Overall the crime rate has dropped. Fewer people are victims of crime and there has been a fall in the number of burglaries. But burglaries still account for around ten percent of all crimes and crime involving vehicles is the highest in the county. Despite the efforts of the Council and other local agencies antisocial behaviour is also still a big problem and rates for this are also the highest in the county. The crime and disorder reduction partnership has established a number of themed groups, one of which deals with road safety, as speeding is the most common form of antisocial behaviour in the District.
- 37 The Council is in the early stages of improving Coalville town centre to generate more spending and business profits.
- 38 Most people are happy with the waste and recycling service. You are meeting your recycling targets and your rates are almost the same as the national average. But you send too much waste to landfill so that the Council pays landfill charges that could otherwise be avoided. Just over half of local residents are happy with street cleaning. Working arrangements have been changed and early signs are positive.
- 39 You have retained control of your housing stock, but there are too few affordable homes. Supply is not meeting demand. You should be providing 355 each year. In 2008/09 you promised to deliver 50 but only 18 were made available. You have secured significant investment for new homes to help provide what is needed. You are also looking at existing properties and have brought some vacant homes back into use. But it is not clear that plans will provide sufficient affordable housing in the foreseeable future. There is a backlog of applications for grants for disabled facilities and supply is not meeting demand.
- 40 By talking to local people you are building a clearer picture of what you need to do over the next few years to meet local residents' needs. The Council is low cost and is managing costs increasingly well. You have a range of projects in place to make sure this continues. You are improving your internal services and making sure you share costs with other councils where possible. You are also modernising and making your services to customers more efficient. But you are not providing good quality in all of your main services, for example, planning. The balance between low cost and quality services needs to be better managed.
- 41 You have had some real successes in the way you involve local people but most still feel unable to influence decisions in their localities. The Council needs to find even better ways of doing this. You need to make sure you regularly get people's and partners' views on how satisfied they are with all key services. You have consistently improved your own performance over the last five years but this was from a low starting point. You need to make sure you improve the quality of your performance so that local residents get a service equal to that of the best elsewhere. You are making some savings from sharing services with other councils and are looking at doing more of this to save more money.

Closing remarks

- 42 I have discussed and agreed this letter with the Chief Executive and the Corporate Director. I will present this letter at the Corporate Governance Scrutiny Committee on 20 January 2010.
- 43 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

Table 4

Report	Date issued
Audit Plan	April 2008
Annual Governance Report	September 2009
Opinion, Value for Money Conclusion and Certificate	September 2009
Organisational Assessment	December 2009

- 44 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.

Neil Bellamy
 District Auditor
 December 2009

Appendix 1 – Use of resources key findings and conclusions

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

Managing finances

Theme score	2
Key findings and conclusions	
<p>The Council integrates financial and corporate planning. The three-year corporate delivery plan is updated annually, taking account of stakeholder and partner views, inequalities and the needs of local communities.</p> <p>The Council is working towards identifying its costs and how they change with activity. The procurement policy includes whole life costing in relation to assets. The Council identifies efficiencies and has a VfM strategy. The annual budget is in line with this strategy and savings are identified through service delivery plans. Costs are generally low. The council has acknowledged where its weaknesses lie and is addressing service improvements.</p> <p>There is a sound history of budget setting and monitoring. Information is accurate, relevant, understandable, and timely. Reports to members include non financial information and explanation of variances. All reports are available on the website. The published accounts and annual audit letter are available to the public in a variety of formats.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.1 (financial planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council integrates its financial and corporate planning processes. Service Managers develop their service plans based on corporate guidelines and these feed into the budget setting and approval process. Key risks and mitigations have been identified within the summary budget reports. The medium term financial strategy (MTFS) and the Council budget are prepared at the same time, are aligned with the Council delivery plan, are consistent with both national and local priorities and match resources to priorities.</p> <p>A comprehensive and balanced budget has been set based on realistic assumptions. Due to the general financial outlook these assumptions have already been revisited and will be revisited again throughout the next financial year.</p> <p>Treasury management arrangements are satisfactory. The council keeps its treasury management strategy under review and monitors performance against it. The strategy reflects the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services Policy re balances and an explanation on the effect of balances has been provided to Members.</p> <p>The authority has responded appropriately to the Icelandic bank collapse. They reviewed and revised the treasury management strategy in March 2009. The authority takes a very risk-averse stance (only investing with AAA rated UK banks) and is therefore willing to accept lower rates of return. Training for members has been arranged but has yet to be delivered.</p> <p>The corporate delivery plan projects forward at least three years. It is updated annually, taking account of internal experience and decisions (ie reflects policy and strategic aims as determined by members) and also takes account of stakeholder and partner views. There is evidence that inequalities, and the needs of local communities are understood.</p> <p>The latest MTFS has identified the need for additional savings of around £500,000 per annum. These are not as yet fully identified. The assumptions underpinning the strategy acknowledge the current economic climate and are subject to regular review.</p> <p>The Corporate Leadership Team (CLT) receive monthly budget reports and are presented with a detailed review of variances. Both Members and the CLT accept financial responsibility and are aware of the implications of the current financial climate.</p> <p>Basic financial training is provided to members and non-financial staff.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
Areas for improvement.	
<ul style="list-style-type: none"> • Introduce a programme of treasury management training for members. • Identify further savings required to achieve a balanced budget which does not rely on the use of reserves. 	
KLOE 1.2 (understanding costs and achieving efficiencies)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council is currently working towards identifying its costs and how they change with activity. The cost implications of planned changes to services are included in reports to Members; the Council has introduced whole life costing in relation to its assets included within its procurement policy; it has just completed a detailed review of its system for central recharging.</p> <p>The Council has an understanding of its costs and within the budget proposals the implications are discussed for the Council priorities, service users, staff, opportunities for income generation and associated risks. The cost implications of decisions made are included within reports together with a narrative summary.</p> <p>The Council identifies efficiencies and has a value for money strategy. The annual budget proposal was completed in line with this strategy and savings are identified through the service delivery plans completed as part of the budget setting process. The areas for saving in future years are summarised within the budget report.</p> <p>The authority has a robust understanding of the arrangements for compiling NI 179. However we have not carried out any spot checks on the data. The Council has achieved its required savings for 2008/09 as monitored through NI 179.</p> <p>The council is generally a low-cost authority (compared with other districts). It has shown improvements in a greater proportion of performance indicators than most districts (as measured by BVPIs for 2007/08), albeit from a relatively low starting point. The council has acknowledged where its weaknesses lie and is addressing service improvements.</p>	
Areas for improvement.	
<ul style="list-style-type: none"> • Continue with work on identifying costs and their relationship with activity. • Develop a simplified costing system that would link to both budget and performance indicator monitoring. • Work towards improved outcomes in respect of poorer performing services. 	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.3 (financial reporting)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The Council has a sound history of budget setting, monitoring and forecasting outturn. Budgets are input to the main accounting system on a timely basis, at an appropriate level of detail. Budgets are approved before the start of the year and monitored regularly and promptly throughout the year.</p> <p>The appropriate member committee receives budget monitoring information that is accurate, relevant, understandable and consistent with underlying records, and data is as up to date as possible when reported.</p> <p>Forecast outturn is reported throughout the year and is reconciled to the financial statements at the year end.</p> <p>Budget holders are aware of their responsibilities and receive timely information (within ten working days), enabling an early response to any remedial issues that arise. In previous years there have been no unexpected outturns.</p> <p>The system of internal financial monitoring is sound.</p> <p>Financial information reported to members is always supported by an Officer commentary or report which would also include supporting non financial information.</p> <p>The Council's general ledger has been in place for a number of years and contains budget and actual figures for each cost centre. Budget holders can access the system directly, receive prompt monthly monitoring reports and can discuss any issues as they arise with the accountants.</p> <p>CLT receive detailed budget monitoring reports that are supported by an explanation of variances. The quarterly performance monitoring report to Members summarises variances (together with outturn and action plans), together with cost and income performance indicators.</p> <p>The Council has met relevant accounting deadlines. Working papers continue to improve, although the accounts required a number of changes from the original draft.</p> <p>Reports (including the accounts and annual audit letter) are available to the public on the web-site. The website has a 'Translate' button which converts to numerous foreign languages. Different formats are available upon request (for example large print version of the 'Vision' magazine).</p> <p>Areas for improvement:</p> <ul style="list-style-type: none"> • Continue to improve the quality of the financial statements together with supporting working papers. 	

Appendix 1 – Use of resources key findings and conclusions

Governing the business

Theme score	2
Key findings and conclusions	
<p>The Council is self-aware and is effective in identifying and delivering priority services and outcomes. It has a clearly stated and ambitious vision for the outcomes it wants to achieve for people in its communities. It has translated its vision and strategic aims into priorities that reflect the local context and VfM, are based on local consultation and are consistent with the LSP's Sustainable Community Strategy. There are examples of priorities and successful outcomes relating to tackling inequality, disadvantage and discrimination, and for addressing the complex needs of vulnerable people. The Council is an active member of the LSP and leads on procurement and performance management. There is a clear, current and monitored implementation plan aligning resources and priorities (both at district and county level) around areas of most need.</p> <p>There is a good understanding of the supplier market, and supplier development workshops are held. It has identified target areas for developing capacity to procure sustainably and can show that over time it is on track to deliver key intended outcomes.</p> <p>It produces relevant, reliable data to support decision making and manage performance. It understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decisions. It ensures data security and compliance with relevant statutory requirements. It monitors performance against priorities and targets, and addresses underperformance.</p> <p>Risk management is embedded. The Council has a good record for recovering housing benefit overpayment and publication of successful prosecutions. The action plan in the Annual Governance Statement includes matters that enhance governance arrangements. Statutory Officers ensure that expenditure is lawful.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.1 (commissioning and procurement)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Members and staff have a clear vision of intended local outcomes. There is improving understanding of community demographics and how the Council consults with and engages people, to drive priorities and underpin strategic commissioning. Inequalities, diversity, local communities needs, wider social, economic and environmental issues are understood and are used to shape strategy and service planning. This is underpinned by a clear, current and monitored implementation plan. Strategic needs assessments are current across most services, showing good engagement with local communities. There are long term commissioning decisions and partnership objectives, aligning resources and priorities (at district and county level) around areas of most need.</p> <p>All key stakeholders are involved (to varying degrees) in commissioning and service design. There are three community forums involved in budgeting to decide how money is spent. The tenants working group feeds into smart planning and budgeting. Information is held on satisfaction with many - but not all - key services, and how they differ across different groups in the community, but there is no consistent approach.</p> <p>The Service Transformation programme is improving customer experience, quality and VfM (for example, new ways of paying bills by cashcards; scanner technology in homes). The IT strategy is aligned with strategic objectives and priorities. Services are evaluated and redesigned to remove inefficiencies and exploit some IT-driven efficiencies</p> <p>Commissioning and procurement are based on good understanding of the market. Staff understand current suppliers and manage relationships. The council supports potential providers to build service delivery capacity, and there is a good understanding of the wider supply market and other sources of capability through partnerships. Supplier development workshops are held to support current and potential providers.</p> <p>Options for procuring services and supplies are evaluated; competitiveness of services is reviewed. Evaluation of procurement options includes joint purchasing activities with other councils and public bodies and costs of different options. There are effective arrangements for specifying and monitoring contracts with a well-defined management process based on good practice. The most appropriate procurement method is chosen by formal appraisal; collaborative arrangements with some partners are being explored. Target areas are identified for developing capacity to procure sustainably and the council can show that over time it is on track to deliver key intended outcomes. All new commissioning and procurement decisions take account of whole life costings and longer term sustainability.</p> <p>The Transforming Services project outlines possible savings across directorates; targets are stretching. External benchmarking is being used to explore ways of reducing transaction costs. The council is working with statutory partners towards a shared understanding of the totality of their resources to increase efficient and effective use. The council uses e-procurement.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
<p>Areas for improvement.</p> <ul style="list-style-type: none"> Engage the wider community systematically in every stage of commissioning and service design. Review priorities between in house/shared/externalised services; make priorities place-based. Get systematic feedback on satisfaction with all key services from all sources including partners. Deliver services innovatively making better use of technology. Obtain regular and systematic feedback and assessment of suppliers satisfaction with procurement practices. Include clear, accessible explanation of commissioning and procurement strategy on website with effective, user-friendly guidance appropriate to all key stakeholders. 	
<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>
Key findings and conclusions	
<p>The Council ensures it has good quality data. Collecting, recording and reporting are integrated into business planning/management. Staff know why data is collected and how it is used. Data requirements are clearly defined, and well focused. Staff contribution to quality is recognised. The data quality policy is new and not fully embedded; some services need to review operational procedures in relation to it and test compliance. Some measures are in place to ensure relevant staff have the required skills. Senior management is informed re data quality issues and takes action.</p> <p>There is adequate scrutiny and formal reporting on data accuracy, and an adequate track record of producing and using accurate, relevant and reliable data.</p> <p>The Council understands the needs of decision makers and they get information that is fit for purpose and use it to support decisions. It uses the County PM system locally so there is consistency. Action is taken to limit manual intervention to produce information and minimise multiple data sources. Information is held on diversity and equality. The council consults with/feeds back to some stakeholders to assess how well needs are met. There is a report writing guidance pack for members. Decision makers receive some qualitative and quantitative measures on quality of information and there is continuous improvement in these quality measures.</p> <p>Data security and compliance with statutory requirements are in place. Data on systems is controlled. The business continuity plan for business critical information systems is relatively new and needs to be fully embedded and robustly tested. Policies and procedures meet national standards, are consistently applied and there are risk-based mechanisms to check this. The council incorporates good practice standards and specified public sector policies on data and information security into its own policies and procedures and can show it is feeding lessons learned into security policies and practice.</p>	

Key findings and conclusions

Performance against priorities and targets is monitored, and underperformance is addressed. Targets are cascaded within the council and to partnerships. Performance management is integrated with management of resources. Gaps in service provision are identified and information is fed into strategic planning. Financial performance is monitored against corporate priorities and VFM targets. There is a good track record of achieving non-financial and financial targets including achieving planned efficiency gains. Resources follow priorities.

Areas for improvement.

- Make the DQ framework more robust.
- Ensure DQ policies are consistently applied.
- Actively involve staff in improving DQ arrangements - ie bottom up as well as top down, showing greater ownership at operational levels.
- Formalise responsibility for DQ in all relevant job descriptions.
- Develop arrangements for sharing data with third parties.
- Link diversity and equality information to spend.
- Use comparative performance information consistently to drive performance compared with peers.
- Test business critical information systems.
- Improve the strategic outcome focus of performance information and management.

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.3 (good governance)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The Council's constitution clearly defines the roles and responsibilities of Members and Senior Officers. The Constitution is kept under review on a rolling basis and is available to view on the Council's website. There is a programme of member training and development.</p> <p>The Council has clear robust plans in place to deliver improvement and communicates these well. Priorities are underpinned by the Council's service and financial planning framework. In May 2008 a new Council Delivery Plan with outcome based targets was agreed for the 2008 to 2011 financial years. National and local indicators are used to measure delivery against priorities. The Council has a number of improvement priority action plans. Internal communications such as regular team meetings, a newsletter and the Chief Executive's Staff Briefings, ensure that priorities are well communicated.</p> <p>The Council is engaging with its communities to develop an understanding of inequalities and community needs.</p> <p>The ethical framework at the Council has been established for a number of years. It is reviewed for compliance on a regular basis, and is supported by the work of the Corporate Governance Scrutiny committee, which also fulfills the role of the Council's Audit Committee.</p> <p>The Standards committee has dealt appropriately with matters relating to ethical governance.</p> <p>The Council has identified its partnerships, and staff involved in partnership working are aware of the Council's governance arrangements, including accountability, decision making processes and roles and responsibilities. The Council needs to develop its role in building confidence that these arrangements contribute to partnerships that deliver effective outcomes.</p> <p>Areas for improvement.</p> <ul style="list-style-type: none"> • Demonstrate that local people have confidence in partnership governance arrangements. 	

Appendix 1 – Use of resources key findings and conclusions

<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>Key findings and conclusions</p>	
<p>The Council's strategic risks are linked to its priorities and monitored as part of its quarterly monitoring process. Operational risks are contained within the risk register, which is updated throughout the year and reported annually to Council. The Corporate Governance Scrutiny Committee deals with matters relating to risk management.</p> <p>All Members receive training annually. The training has included risk awareness and specific risk issues that relate to the Council.</p> <p>The Council has embedded risk management through all levels of staff within the organisation and within its business processes. The risk management arrangements have also underpinned its arrangements to ensure sound corporate governance and an accurate Annual Governance Statement.</p> <p>There is a counter fraud and corruption policy applying to all aspects of the Council's business which has been communicated throughout the Council. When instances of fraud and corruption have been identified the investigations have been adequately resourced and the Council can demonstrate:</p> <ul style="list-style-type: none"> • participation with the National Fraud Initiative; • suitable arrangements for housing benefits data sharing with its partner organisations; • active recovery of housing benefit overpayment; and • publication of successful prosecutions. <p>Internal Audit have recently carried out a self assessment against standards set by CIPFA, and have identified partial compliance against all standards. Our last review, carried out three years ago, did not identify any significant weaknesses in arrangements.</p> <p>The Core functions of an Audit Committee are carried out by the Corporate Governance Scrutiny Committee. All Internal Audit reports are considered by this Committee.</p> <p>The Annual Governance Statement covers matters that will enhance governance arrangements, as well as addressing specific weaknesses.</p> <p>Statutory Officers review all Committee reports and budget holders have responsibility to manage their expenditure, ensuring that the Council's expenditure is lawful.</p> <p>Business Continuity plans are in place and have been tested.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions
Areas for improvement:
<ul style="list-style-type: none"> • provide evidence to show that arrangements (which are becoming embedded) have made a difference to outcomes • strengthen Internal Audit arrangements.

Managing resources

Theme score	2
Key findings and conclusions	
The council is performing well in terms of having a productive and skilled workforce, although a three to five year plan needs to be further developed.	
Senior management effectively manage and support organisational change but there is no evidence of line manager training for change management.	
The council has adopted the current Equality Standard for local government and improved its assessment against the five performance levels. It has achieved level 2 Equality Standard for local government and has plans to adopt the new Equality Framework from April 2009. Evidence from staff feedback needs to be improved.	
KLOE 3.1 (use of natural resources)	
Not assessed this year	
KLOE 3.2 (strategic asset management)	
Not assessed this year	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 3.3 (workforce planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>Achievement of targets indicates a productive and skilled workforce. Skills analysis and action plans are in place with some high level, but limited workforce numbers/types analysis. Performance management arrangements reflect priorities. Substantial reductions have been achieved in the long term sickness absence levels per FTE from 11.62 days in 2007/08 to 8.10 days in 2008/09, against a target of 10 days. There are effective systems for monitoring and managing levels of staff accidents and sickness absence. Staff costs in high spending areas are reviewed by benchmarking against other organisations. There is effective and targeted recruitment and talent management. The Council recognises and rewards high performance of teams and individuals, and can show how its workforce is benefiting the community.</p> <p>The council knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this.</p> <p>Workforce planning is based on reliable data and integrated with service planning, showing how the council will deliver its strategic objectives. There are no significant joint service arrangements so no joint workforce planning, but work has started with the LSP to address this.</p> <p>Senior management effectively manage and support organisational change while involving the workforce in the process. The council engages and supports staff in organisational change. The council plans communications with staff and monitors staff satisfaction and morale through periods of change. It consults with staff, trade unions and other staff representative groups in a number of ways. It needs to undertake post-implementation reviews to assess the benefits of change against clearly defined success criteria and to ensure the council learns from the results.</p> <p>The council has policies which support diversity and good people management. It is working towards building a workforce that is more representative of its community and has adopted the current Equality Standard for local government and improved its assessment against the five performance levels. It has completed its Local Pay Review and implemented its agreed local pay structure in 2005. It has achieved level 2 Equality Standard for local government and has plans to adopt the new Equality Framework from April 2009.</p> <p>The council has systems in place to attract, retain and reward staff, including developing opportunities for flexible working arrangements to support staff through key life events.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

Areas for improvement.

- Make workforce planning medium to long term (three to five years)
- Make sure plans reflect developing strategic priorities
- Joint workforce planning
- Use of shared services
- Train line managers to implement diversity and good people management policies, and to deal with change
- Develop joint communications strategies with trades unions
- Introduce systematic and embedded post implementation reviews so learning takes place
- Achieve level 3 or above of equality standard
- Obtain regular feedback from staff and customers that they are happy with diversity practices and feel well treated

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Demonstrate how your use of resources arrangements result in improved outcomes consistent with the Council's aims and those of your key partners.	3	Corporate Director	Yes	There will be regular monitoring by the LSP 'Top team' and as part of the Leicestershire LAA and the Council's performance management arrangements.	March 2010
9	R2 The Council needs to monitor closely its financial position and to take appropriate action to enable it to remain within its budget.	3	Corporate Director	Yes	Regular monitoring at all levels will continue to take place.	March 2010
9	R3 Monitor progress towards achieving the decent homes standard; assess the implications if the standard is not met.	3	Community Director	Yes	To be assessed as part of the updated HRA business plan.	March 2010

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