

AUDIT COMMITTEE

9 March 2010

Report of the Director of Governance & Procurement

ITEM 8 Use of Resources Improvement Plan – Monitoring Update

Purpose of the Report

The update the Committee on progress towards implementing the actions proposed in response to the areas for improvement outlined in the Audit Commission's Use of Resources assessment.

Action Requested

The Committee is requested to note the report.

Policy Context

The Use of Resources assessment considers how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. This links to the Corporate Plan objective of delivering services more effectively and efficiently included within the 'Better Council' theme.

Background

The Cabinet requested at their meeting on 26 November 2009 that the Audit Committee should monitor progress towards implementing the recommendations and actions included in the Use of Resources improvement plan.

A summary of progress on the improvement actions up to 31 January 2010 is included as Appendix A.

Options Available with Reasons

The Committee has the option to call for further information in respect of any of the actions, and to refer to Cabinet any areas of concern relating to progress towards addressing the areas for improvement.

Financial and Legal Implications

None arising.

Risk Management

The risks associated with the options and the proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Failure to address the areas for improvement noted by the Audit Commission could result in no improvement in the Council's Use of Resources score	Medium	Medium	The Audit Committee's work programme includes regular monitoring reports in respect of progress against the areas for improvement

Background Papers: Annual Governance Report (incorporating the use of Resources assessment) produced by the Audit Commission

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Area for Improvement	Proposed Action(s)	Lead Officer(s)	Implementation Date	Update
FINANCIAL PLANNING				
1. Corporate objectives and priorities need to be more focussed, including better engagement with stakeholders in financial planning	A prioritisation exercise will be undertaken designed to allow Cabinet Members to indicate preferences amongst a wide set of Council Services. This will be used to inform the 2010/11 budget setting process.	Head of Financial Services & Director of Governance and Procurement	Completed October 2009	Completed. The prioritisation exercise was completed in October 2009 and is reflected in both the 2010-11 budget as well as the Service Review Programme. Consultation was carried out on the budget with various bodies and the comments/actions will be reflected in the final budget report to Cabinet on 18 February 2010.
2. Determine clear criteria for decision making on revenue allocation	The results of the prioritisation exercise above will be developed to provide more detailed information on priorities for the 2011/12 budget setting process and enable criteria to be developed for day to day decision making purposes.	Head of Financial Services & Director of Governance & Procurement	September 2010	See 1 above. Planned to further develop the budget prioritisation process for the setting of the 2011/12 budget.
3. Strengthen the treasury management framework further	The counterparty list would only reflect the split set out in the Treasury Management strategy regarding UK/overseas investment. This will be considered in the next strategy.	Head of Financial Services	April 2010	An updated Treasury Management Strategy will go to Cabinet in March 2010. Additionally, Internal Audit are now undertaking monthly spot checks of TM transactions on a sample basis.
4. Reduce the funding gap identified by the MTFs	This will be addressed following 1 above and the setting of the 2010-11 budget.	Head of Financial Services	April 2010	The 2010-11 budget is balanced and there will be a net £153k use of balances which is less than 4% of the planned level of balances as at 31 March 2011.
5. Improve the financial health of the HRA and ensure an effective working relationship with Charnwood Neighbourhood Housing Limited	We are working closely with CNH to ensure that they have robust financial management in place, and that they develop a financial recovery plan that will improve the HRA balances in line with	Head of Financial Services & Director of Housing and Health	Ongoing	Ongoing. The 2010-11 HRA Budget shows a HRA balance at the end of March 2011 of £545k. This will bring the balance per house up to £93 and we see no

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	the Council's required levels over the next three years.			reason why the March 2012 balance will not be at, or above, the target level of £110 per house. This reflects the plan in the MTFS.
UNDERSTANDING COSTS AND ACHIEVING EFFICIENCIES				
6. Extend benchmarking across more areas to gain a better understanding of costs	A requirement to either demonstrate and report on benchmarking results, or to commit to undertake benchmarking if not already completed, will be included in the service planning process for 2010/11.	Head of Performance and Audit & Head of Programme Office	By 31 March 2010	Benchmarking section included in 2010/11 team plans – results currently being looked at as part of technical vetting.
7. Introduce clear guidelines to assess and allocate revenue spend against priorities	As per 2 above.	Head of Financial Services & Director of Governance and Procurement	As per 2 above	As per 1 and 2 above.
FINANCIAL REPORTING				
8. Consultation with stakeholders as to the format and content of summary financial statements	Consultation has been carried out previously and there was no demand for such information	Head of Financial Services		Summary financial statements for 2009-10 will be included in Charnwood News. An opportunity will then be provided for feedback on their content.
9. Report financial and non financial information in combined reports and demonstrate the effect of one upon the other	Consideration will be given to including key performance data in financial monitoring reports, where a clear link exists between performance and financial factors (eg. planning fee income and NI.157).	Head of Financial Services & Head of Performance and Audit	Completed for quarter 2 of 2009/10 and future reports	Done. Relevant performance results are now being reported in quarterly budget monitoring reports.
COMMISSIONING AND PROCUREMENT				
10. Strategic procurement and the understanding of the supply market are underdeveloped and not supported by a clear strategy	Re-write the procurement strategy with a view to increasing the strategic perspective of our procurement activities. We will look increase use of frameworks	Director of Governance and Procurement	Procurement strategy by March 2010	An initial step has been taken to review the current procurement thresholds. Proposed revised thresholds will be put before Cabinet in March.

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	and in particular build on the work so far in developing the East Midland Property Alliance frameworks.		Complete roll-out of EMPA frameworks by March 2010	The major and intermediate works frameworks have been rolled-out and are in use. The repairs and maintenance framework was piloted by Charnwood and NWLDC, and is now being rolled-out across the region.
11. There is a focus on compliance and procurement processes rather than a balance with a strategic approach	As 10 above.	Director of Governance and Procurement	As 10 above	
DATA QUALITY AND USE OF INFORMATION				
12. Use performance management consistently across all service areas to improve performance and sustainable improvement further	The TEN system has been further developed to include a 'corporate dashboard' which allows key baskets of indicators to be identified and monitored.	Head of Performance and Audit	Completed for quarter 2 of 2009/10 and future reporting	We will produce a direction of travel summary when we have the 2009/10 year end data.
13. Policy does not cover data quality requirements in relation to partnership working and there are no agreed approaches to data sharing with partners and contractors	Data quality policy and arrangements to be re-visited and to include partners and contractors where appropriate.	Head of Performance and Audit	December 2009	Data quality policy currently under review; to be finalised by March 2010
14. The application of data security arrangements	The Director of Governance and Procurement operates as the Council's Information Security Manager and is reviewing data security arrangements in light of best practice guidance.	Director of Governance and Procurement & Head of Performance & Audit	March 2010 and ongoing	An initial review has been completed, as a result of which lap-tops have been encrypted and the control of removable media is in progress. Training and awareness of information security has been carried out for all relevant staff, including the identification of risk areas for consideration during the next phase.

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15. Reassess targets to ensure they are realistic or challenging	Targets were reassessed during the 2009/10 team planning process, and are being kept under constant review during the quarterly performance management review process.	Head of Performance and Audit	Ongoing	Evidence available of some targets being refreshed during 2009/10. Targets for 2010/11 in team plans currently undergoing technical vetting.
GOOD GOVERNANCE				
16. Develop Council ambitions in the context of a longer-term, strategic outlook	The Corporate Plan has been agreed which has a set of objectives to deliver in the next 3 years.. Councillors are now looking to prioritise funding for 2010/11. A mechanism is required to link decision making around new work against the corporate plan priorities. PK is reviewing current change and project management processes with an aim to recommending how we match our operational planning to the strategic objectives.	Head of Programme Office	April 2010	We have drawn up an action plan to review projects and programmes and work on the implementation will be undertaken in February 2010. We have also developed a reporting template in TEN and we will start reporting to SMT against the corporate plan objectives in March, and to the Performance Scrutiny committee during 2010/11.
17. Increase access to the register of members interests via the Council's website	The publication of the Register on the Council's website will be considered following consultation with Members and the Council's Standards Committee	Standards and Monitoring Officer	December 2009	This was considered by the Leaders Meeting in December 2009 and it was decided that the position should remain as is, ie. that the Register is available for inspection and that details of this fact and who to contact to view the Register are published on the Council's website. An update will be reported to the Standards Committee at its next meeting in March 2010.
18. Strengthen partnership governance	To continue to implement the Partnership Strategy 2009/12 Action Plan.	Director of PACS	As defined in the Action Plan	Progress continues to be made in implementation of the Action Plan.

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RISK MANAGEMENT AND INTERNAL CONTROL				
19. Develop the risk register to include potential opportunities and partnership risks, as well as other business risks	Risk management arrangements are currently being reviewed in light of the recently published BSI Risk management Code of Practice.	Head of Performance and Audit	By March 2010	An updated risk management framework is under development, in line with the recently published BSI standards, and will be rolled-out for 2010/11.
20. Improve support for members to allow them to have a better understanding of strategic risk	Training will be provided for Members during the development of the strategic risk register for 2010/11	Head of Performance and Audit	By March 2010	Training will be included in the strategic risk workshop on 23/3/2010.
21. Strengthen the approach to the follow up of data matches from NFI	A steering group consisting of the key officers responsible for following up NFI matches has been established to monitor progress.	Head of Performance and Audit	Ongoing	Meetings are ongoing. Our commitment to the NFI is demonstrated as we have also joined the additional social housing fraud initiative, and have volunteered to participate in an extension of the single person discount matching.
WORKFORCE PLANNING				
22. Match skills and competencies to the future needs of the organisation	A new Management Competencies Framework has been developed and introduced within the organisation to identify key leadership and management behaviours. Senior Managers are currently being assessed against this new framework. This framework will be evaluated and developed to ensure that it meets the Council's ongoing needs. A review of the PDR process including consideration for the introduction of staff competencies is planned for 2010.	Head of HR & Project Manager (Organisational Development)	Completed June/Dec 2009 December 2010	Completed (see 26 below for details). Review planned to start in May and completed by end December 2010.

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23. Develop the strategic approach to long term workforce planning and training and development, to meet future needs with potential service redesign	The Programme Office is currently undertaking a review of HR and Learning & Development. The strategic approach to long term workforce planning and training and development, to meet the organisations future needs is one of the key areas under consideration.	Head of HR & Project Manager (Organisational Development)	Review proposals to be considered by Cabinet at the end of October 2009	A significant amount of work has been done as part of the review, and it is hoped that a report will now go to Cabinet in March 2010.
24. Widen consultation on the workforce plan to include partners as well as staff	Identify and involve key partners in the development of the Workforce Plan	Head of HR	Ongoing	Planned to involve Trade Unions and other councils where appropriate in future development of the Plan.
25. Reach level three of the Equality Standard	The equality standard has been replaced by the new equality framework. We have recently undertaken an external review to ascertain where the authority is placed in terms of this new legislation. An action plan has now been produced to determine the Council's next steps. Therefore Level 3 of the Equality Standard no longer exists as a target.	Director of Programmes and Resources	Equality Framework to be achieved by 2012	The external review highlighted key areas the Council needed to work on, but did not provide a full assessment against the framework. Therefore we will undertake an assessment against Developing Level in 2010 and then work to fill the gaps before moving onto the Achieving level.
26. Use performance management to develop leadership and management skills	<p>CBC has developed a new Management Competencies Framework that identifies 38 key leadership and management behaviours.</p> <p>All managers on SMT and CMT are currently undertaking a 360 degree assessment to identify strengths and areas requiring improvement.</p> <p>Each manager will receive a one to one interview with a management consultant where their results will be analysed and</p>	Project Manager (Organisational Development)	<p>Completed May/June 2009</p> <p>Completed Sep/Oct 2009</p> <p>Completed Oct/Dec</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p>

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	<p>an Individual Development Plan will be produced.</p> <p>Individual Development Plans will be reviewed during the next PDR cycle.</p>		<p>2009</p> <p>April 2010</p>	<p>On track.</p>